FINANCIAL TIMES

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WORLD NEWS

Royal party flies home with coffin

The Prince of Wales and other members of the the Royal skiing party landed at RAF Northolt yesterday on an aircraft of the Queen's Flight. It carried the body of Major Hugh Lindsay, killed in Thursday's avalanche in Klosters, Switzerland.

In an earlier statement the Prince said he wished to "dispel some of the wild rumours surrounding the accident". The party had been skiing off piste at their own risk. Major Lindsay and Mrs Pattie Palmer-Tomkinson, who broke both legs, had been swept away in a "whirling maelstrom". He, Mr Palmer-Tomkinson and their Swiss guide had managed with "great good fortune" to ski to one side.

The prince was criticised by skiing experts for taking his friends on to the hazardous Gotschnawang slope. Swiss authorities said there had been clear warnings about avalanches.

US halts Panama cash

President Reagan ordered the suspension of monthly US payments for the Panama Canal and other financial actions in moves designed to oust General Manuel Antonio Noriega.

US to close PLO mission

UN Secretary-General Javier Perez de Cuellar reacted angrily to US plans to close the PLO's observer mission at the United Nations next week which he said violated the treaty permitting all accredited missions to operate.

Shamir snubs peace plan

Israeli Prime Minister Yitzhak Shamir rejected the US Middle East peace plan. Page 2

BAe to cut 3,000 jobs

British Aerospace said it would shed almost 3,000 jobs over the next three years. Back Page

Iran cities war 'over'

Iran said its war of the cities with Iraq was over after Baghdad ended missile attacks. Page 2

Sri Lankan bus attacked

Masked gunmen attacked a bus near Anuradhapura, northern Sri Lanka, killing at least 13 passengers, mostly minority Tamils.

Editor in court

The Editor of The Independent, Andreas Whittam Smith, appeared at the Old Bailey, over alleged possession of a secret document. Page 4

Helicopter crash kills two

Two British servicemen were killed when a helicopter from a Royal Navy ship on which the Duke of York serves, plunged into the sea off Portugal.

Anschluss remembered

President Kurt Waldheim led Austria in a minute's silence to mark the 50th anniversary of the country's annexation by Nazi Germany. Back Page

Vietnamese premier dies

Vietnamese Prime Minister Pham Hung, 75, died of heart failure in Ho Chi Minh City. Page 2

Runcie attacks postmark

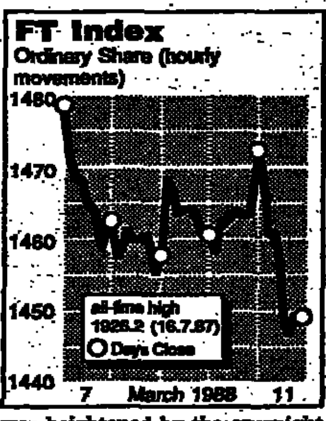
The Post Office refused to withdraw its "Jesus Is Alive" postmark despite criticism by the Archbishop of Canterbury that it is insensitive.

BUSINESS SUMMARY

Revised deficit figures down by £800m

BRITAIN'S trade deficit last year was £800m less than previously thought. Revised figures issued yesterday show a current account shortfall of £1.7bn compared with £2.5bn estimated only two weeks ago and cited this week by the Prime Minister in the Commons. Back Page

FT ORDINARY Index ended the week 28.8 lower at 1,449.9 falling 22.4 points yesterday as the London stock market turned down sharply. Investment caution ahead of Tuesday's UK Budget



was heightened by the overnight setback on Wall Street. Further upward pressure on sterling upset blue chip exporting stocks. Stock market, Page 12; Lex, Back Page

TRUSTHOUSE FORTE, world's largest hotel group, is in takeover talks with Kennedy Brookes, fast-growing UK restaurant and hotel company. Back Page

BEAZER, UK housebuilding and aggregates company seeking to buy Koppers of Pittsburgh, materials and chemicals group, for $1.3bn, said a lawsuit aimed at blocking the offer was "without merit." Page 8; Lex, Back Page

SEDGWICK GROUP, biggest London insurance broking group, surprised the industry by appointing its new chief executive, David Rowland, from outside the group. Page 4

TOYOTA (Great Britain), Inchcape Group subsidiary, admitted it had broken the informal car import quota between Britain and Japan. Back Page

MOBIL OIL gave final approval for a £62m upgrading of its refinery at Coryton, Essex, in a bid to reduce the cost of producing lead-free petrol. Page 4

NORTHERN IRELAND Industry Minister Peter Viggers announced annual marketing grants for companies, worth up to £60,000 each. Page 3

DE BEERS, South African diamond group, suffered a drop in diamond account profits to R1.3bn (£331m) in 1987 from R1.36bn. Page 10

ROCKWOOD HOLDINGS, electronics, security and distribution services company, announced an almost seven-fold rise in profits to £1.04m. Page 8

DOBSON PARK Industries, mining equipment and industrial electronics group, bought more than 17 per cent of MS International, mechanical and electrical engineering company, after raising its cash offer to £33m. Page 8

T&N, UK engineering group, announced a 73 per cent rise in pre-tax profits to £77.3m. Page 8

BRAZIL's industrial output fell 8.6 per cent in January, against the same month last year. Page 2

WHITBREAD, UK brewer and retailer, is buying 81 Gough Brothers off-licences from Seagram, Canadian-based drinks group. Page 8

Kuwait defies British Government by lifting BP stake above 20%

BY MAX WILKINSON AND RICHARD JOHNS

THE KUWAIT Investment Office yesterday increased its stake in British Petroleum to 21.28 per cent in defiance of the wishes of the British Government which sought to impose a 20 per cent ceiling.

The state-owned KIO said yesterday it would not take its BP stake beyond 22.5 per cent.

The Kuwaitis have been building up their holding in BP since the Government's £7.2bn share offer flopped in November. When the KIO's stake reached 15 per cent in December, ministers started a series of discreet attempts to prevent it making further purchases.

Under the City's takeover rules the Kuwaitis could buy 29.9 per cent of BP without being obliged to make a full takeover offer.

The company also voiced concern at the build-up of such a large holding by a Gulf oil state. Sir Peter Walters, BP chairman, raised the alarm when the KIO stake reached 10 per cent. He said recently that his "discomfort level" would increase sharply if the KIO was to own more than 20 per cent. This view was strongly endorsed by ministers.

However, the KIO refused to give an undertaking that it would stop buying BP, which it said was a good long-term investment.

Its heavy purchases of BP shares yesterday was intended to show that it would not be subjected to any special restraints ministers might wish to impose, other than the generally accepted conventions of a major international stock market.

The Kuwaitis have also refused to give any undertaking not to sell their stake to another company – perhaps a US corporation – which might want to take over BP. Senior KIO executives are saying they are free to operate within the rules of the international capital markets, and that if the British Government had wished to impose restrictions it should have done so at the time of its privatisation in November.

They point out that BP was last year allowed by the US authorities to mount a $7.9bn acquisition of the 45 per cent of Standard Oil of Ohio which it did not already own, so the British Government could hardly object to a foreign shareholding in BP.

The British company now owns more US oil reserves than any American company, so the Kuwaitis believe it would be difficult for the UK Government to object to any attempted US takeover of BP.

However, the KIO said yesterday that it regards its investment in BP as a long-term stake. Unofficially it is saying that it thinks a takeover of BP would be unlikely at present, but that it would certainly consider selling at the right price. This has been one of BP's fears.

The office confirmed yesterday it had no immediate plans to seek representation on BP's board. The Kuwaitis appear to be satisfied with the quality of BP management.

The Office of Fair Trading is looking into the Kuwaiti purchase as part of its normal monitoring of large market movements. It is expected to tell the Government soon if a reference should be made to the Monopolies and Mergers Commission. However, the view in the market is that it would be difficult to sustain a case that the KIO has obtained a monopoly or unfair stake.

In informal contacts with BP the KIO has sought to reassure the company about its intentions. The Kuwaitis acknowledge there could be "long-term synergy" between the development of BP and the Kuwaiti Government's plans to expand its refining and marketing operations worldwide. At the same time they recognise it would not be appropriate to try to enforce any such policies through a 20 per cent stake.

Mobil to upgrade refinery, Page 4; Lex, Back Page

McFarlane in Contra affair court bargain

BY LIONEL BARBER IN WASHINGTON

MR ROBERT McFarlane, President Ronald Reagan's former national security adviser, has struck a plea bargain with the independent prosecutor investigating the Iran-Contra arms-for-hostages affair.

As a result he is expected to co-operate fully with the prosecutor's criminal inquiry.

He pleaded guilty yesterday in a Federal Court to four counts of withholding information from the US Congress on the secret US sale of weapons to Iran in return for American hostages in Lebanon and the subsequent diversion of profits to the Contra rebels in Nicaragua.

Mr McFarlane's decision to co-operate is expected to strengthen the case for criminal charges against former senior Reagan Administration officials implicated in the scandal, including Vice-Admiral John Poindexter, President Ronald Reagan's former National Security Adviser, and Marine Lt Col Oliver North, a member of the National Security Council's staff.

The Iran-Contra scandal damaged President Reagan's popularity and has led to still unresolved questions about Vice-President George Bush's role in the affair. The timing of yesterday's disclosures about Mr McFarlane is a blow to Mr Bush, whose high-riding campaign for the Republican presidential nomination appeared to have just begun to escape the scandal's tentacles.

Senator Robert Dole of Kansas, who has made the Vice-President's role in the scandal a focus of his presidential campaign, is likely to revive the issue in an effort to breath new life into his faltering efforts.

Mr McFarlane's deal with the special prosecutor, Mr Lawrence Walsh, means that a 14-month criminal investigation is nearing a climax. For some months, Mr Walsh has been seeking sufficient evidence to charge Mr Poindexter, Lt Col North and others involved in the scandal.

Mr McFarlane, who was President Reagan's national security adviser between 1983 and 1985, tried to commit suicide last year just before he was summoned to give evidence to the joint congressional panel investigating the scandal. In May, unlike other witnesses, he testified without immunity to the House and Senate committee, laying himself open to future criminal charges.

During his appearance last year, Mr McFarlane conceded that he had been less than frank in his dealings with congressional committees investigating in 1985 whether the White House was trying to skirt a congressional ban on US military aid to the Contras. He said his written denials about the activities of the National Security Council staff – and Lt Col North in particular – were "too categorical."

WEEKEND FT

ROAD TO RUIN

David White profiles the village of Benicasim, which has paid a high price for social, political, moral and financial change

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What does the "average" family want from the Budget?

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Grim toll of the elephant poachers

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The health club boom

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...on framing pictures

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Independent education

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Money v tradition in US golf

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Sterling continues rise as markets await policy lead

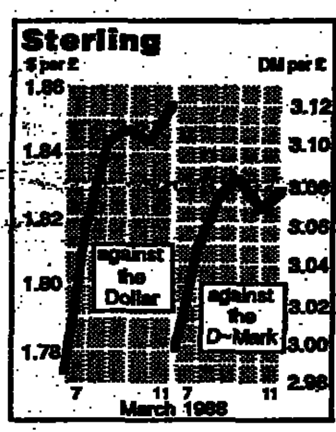
BY SIMON HOLBERTON

THE POUND continued its week-long upward climb on foreign exchange markets yesterday as financial markets remained confused over UK government policy and waited for a lead from next Tuesday's Budget.

Sterling's advance during the week, which left the currency at its highest level for two years, also unsettled the dollar. It exposed strains within the exchange rate mechanism of the European Monetary System and led to speculation that a realignment of key EMS currencies might by needed.

On Monday, the Government allowed the pound to rise above its unofficial ceiling of DM3. The previous Friday, the Bank of England had told Mrs Margaret Thatcher, the Prime Minister, and Mr Nigel Lawson, the Chancellor, that it could not continue to resist the pound's rise without massive intervention.

When the Bank took the "cap" off sterling, it surged. Over the week the pound's trade-weighted value rose by 3.5 per cent, including a rise against the dollar and D-Mark of 4.5 per cent and 2.7 per cent respectively.



Currency traders and analysts expect the pound to continue to rise next week. Traders see the DM3.10 level as a major test for the Bank, which has made it known that it will intervene in the market to check sterling's rise.

Financial markets, however, have been in a state of confusion since Monday. This has not been eased by the apparently conflicting statements made by the Prime Minister and the Chancellor in the Commons during the week.

The Treasury's line is that markets are seeing a rift between the Prime Minister and the Chancellor where none exists. The Government's policy remains the stabilisation of exchange rates.

Sterling's swift rise during the week not only caused the Confederation of British Industry to issue a strong warning to the Government over its change in policy but was a painful reminder to British industry about the costs of foreign exchange market volatility.

Currency traders said the the pound's increase caused the cost of D-Mark currency options to rise sharply over the week.

Continued on Back Page
Editorial comment, Page 6; World stock markets, Page 11; Currencies and Stock Exchange report, Page 12; Trade gap smaller than estimated, Back Page

Dole makes last stand in US presidential campaign

BY LIONEL BARBER IN WASHINGTON

SENATOR ROBERT DOLE of Kansas, rocked by rumours of his imminent withdrawal from the race for the Republican presidential candidacy, is making a last stand in the Midwest industrial state of Illinois.

Advisers have been urging him to avoid further humiliating defeats at the hands of Vice-President George Bush but Mr Dole is apparently pinning his hopes on a surprise win in the Illinois primary on Tuesday to turn his campaign round.

"I am running for President," he told Illinois farm leaders after campaign staff issued a denial that he was pulling out of the race.

Speculation swept Washington and Chicago on Thursday after the Dole campaign cancelled $500,000 (£270,000) of television advertising in Illinois and cut the number of staff workers by 50 per cent to save money. There were also reports that Mr Dole was planning a half-hour broadcast in Illinois on Monday night.

The staff cuts followed Mr Bush's overwhelming victory in the primary elections this week, winning 16 out of 17 contests to give him two-thirds of the 1,139 delegates needed to win the Republican nomination.

Mr Dole, whose recovery from war-wounds makes him nothing if not a fighter, elected to stay in the race although the rumours and counter-rumours highlight the disorganisation that has dogged his campaign.

The Kansan senator was boosted yesterday by an endorsement from the respected and influential Chicago Tribune. An ABC television poll on Thursday, however, favoured Mr Bush by 58-31.

Continued on Back Page

Honda urges Young to keep Rover from other car makers

BY IAN RODGER IN TOKYO

HONDA MOTOR, the Japanese automotive group which is playing a vital role in Rover Group's model-development programme, has told the UK Government that it would not like the state-owned motor group to be sold to another car manufacturer.

Rover, which on Thursday reported an operating profit for only the second time in a decade, is negotiating with British Aerospace, which wants to buy it.

However, some leading European vehicle producers are reviewing their options in the light of the BAe initiative. The Government, which would have the final say on a deal because of Rover's heavy indebtedness to it, has given the two until the end of next month to agree.

Lord Young, Trade and Industry Secretary, in Japan on a trade mission with a group of British industrialists including Mr Graham Day, Rover's chairman, and Professor Roland Smith, BAe's chairman, met Mr Tadashi Kume, president of Honda Motor, yesterday. Honda has had important engineering and manufacturing agreements with Rover for the past 10 years.

At the meeting Mr Kume "made clear that he would be concerned if the bidder had been a car manufacturer," Lord Young said.

Mr Kume had not, however, sought assurances that the Government would not allow Rover to be sold to another car company if the BAe deal fell through. Nor had any such assurances been offered, Lord Young said.

He told Mr Kume that the UK Government retained a golden share in BAe "and so I thought that it was a suitable home for Rover."

He said Mr Kume was concerned about continuity of management at Rover if the BAe takeover went ahead, and assurances on that were given by both Prof Smith and Mr Day.

There had been no discussion about Honda's taking a stake in Rover but, Lord Young said, there was no reason why the Japanese group could not negotiate for an interest even if Rover became a BAe subsidiary.

Honda officials said after the meeting that they did not expect any change in the relationship with Rover. "We think we can continue even if Rover is acquired by British Aerospace," the company said.

Prof Smith said yesterday that it was too early to think of any direct co-operation between Honda and BAe. He was confident that the talks with Rover would be successful: "I would be very surprised if on May 1 we did not own the Rover Group. Very surprised."

Toyota importer admits to going over quota; BAe plans job cuts, Back Page

MARKETS

DOLLAR

New York lunchtime:
DM 1.6613
FFr 5.647
SFr 1.3715
Y127.38

London:
DM 1.661 (1.665)
FFr 5.6475 (5.6675)
SFr 1.3715 (1.379)
Y127.35 (128.1)

Dollar index 93.3 (93.6)
Tokyo close Y127.80

US LUNCHTIME RATES

Fed Funds 6 7/16
3-month Treasury Bills: yield: 5.87%
Long Bond: 104¼ yield: 8.49%

GOLD

New York: Comex April latest $442.5
London: $441.0 (442.0)

STERLING

New York lunchtime $1.858
London: $1.853 (1.8425)
DM 3.0775 (3.0675)
FFr 10.465 (10.4425)
SFr 2.5425 (2.54)
Y236.00 (same)
Sterling index 77.4 (77.1)

LONDON MONEY

3-month interbank: closing rate 8 15/16 (same)

NORTH SEA OIL

Brent 15-day March (Argus) $14.80 (14.475)

STOCK INDICES

FT Ord 1,449.9 (–22.4)
FT-A All Share 980.11 (–1.1%)
FT-SE 100 1,811.6 (–23.0)
FT-A long gilt yield index: High coupon: 9.11 (9.13)
New York lunchtime: DJ Ind Av 2015.75 (–10.28)
Tokyo: Nikkei 25,543.73 (–74.09)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0 75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20, Greece Dr100, Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600, Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Philipines Pes20; Portugal Esc100; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta125, Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

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China arrests top Tibetan holy man for 'subversion'

BY ROBERT THOMSON IN PEKING

CHINA has arrested a senior Tibetan religious official for alleged counter-revolutionary activities.

The arrested man, Yuluo Dawuacizen, is believed by Tibetan Buddhists to be a "living Buddha" or re-incarnated holy man.

Yuluo, who is also a director of the Lhasa Buddhist association, has been accused of attempting to "overthrow the dictatorship of the proletariat and the socialist system" by organising pro-independence protests.

The Government clearly intends to make an example of the 59-year-old leader, who was imprisoned "for criminal activities" during the 1959 rebellion against Chinese rule. He was pardoned in 1979 and five years later elevated to high office by the Tibetan Government.

Reports from Qinghai, a far-western province neighbouring Tibet, suggest that Buddhist monks and civilians had protested in recent weeks against Chinese rule and against family planning policies. Up to 10 protesters are believed to have been detained. Foreign travellers also report that middle school students had boycotted classes.

The protests, partly reflecting Tibetan fears that the Government is attempting to reduce their numbers through family planning, has fueled concerns in the Communist Party that dissent could spread to Tibetan areas in neighbouring provinces.

The Chinese Government has redrawn Tibet's boundaries and there are strong Tibetan communities in Qinghai, Gansu, Yunnan and Sichuan in the south-west of the country.

No date has been given for the trial of Yuluo nor for that of two other Tibetans who have been accused of damaging public property during a protest in the Tibetan capital, Lhasa, last October, when the pro-independence demonstrations gathered momentum.

The Government released most of those arrested during the October protests in an attempt at conciliation, but Chinese officials this week indicated that following another bloody protest last Saturday, dissenting Tibetans would no longer be treated leniently.

It is alleged that in July last year, Yuluo "spread reactionary speeches about Tibetan independence to foreign reactionary elements posing as tourists" and slandered Communist Party policy. In December he was detained by the public security bureau, the Chinese police.

● Colina MacDougall adds: Sir Geoffrey Howe, the British Foreign Secretary, in informal talks yesterday with Wu Xueqian, China's foreign minister, made clear continuing parliamentary and public interest in events in Tibet. The Chinese foreign minister was aware of the level of concern, a foreign office spokesman said.

Lord Ennals, a former Labour minister, and chairman of the parliamentary group for Tibet, is to make a private visit to Tibet at the end of March.

Shamir rejects Shultz peace plan

By Andrew Whitley in Jerusalem

MR YITZHAK SHAMIR, the Israeli Prime Minister, yesterday issued a stinging rejection of the proposals from Mr George Shultz, the US Secretary of State, for peace in the Middle East.

He also trumpeted his defiance of the strong pressure to which he is expected to be subject in Washington next week. "The only word in the Shultz plan I accept is his signature," said the right-wing Likud leader. "The document does not serve the cause of peace or advance it by even one centimetre."

In interviews ahead of his departure on Sunday night for Washington, Mr Shamir blamed a shift in attitude towards Israel by US Jews, and the Reagan Administration's alleged desire "to satisfy the Arabs", for a plan he denounces as being fraught with dangers for Israel.

The Shultz proposals call for the speedy convening of an international conference under UN auspices, followed by direct talks between Israel and its Arab neighbours, first on interim arrangements for the occupied Arab territories and then, in December, on their final status. Clearly implied in the US memorandum, leaked to the Israeli press, is an eventual Israeli withdrawal from at least part of the land captured in 1967.

After more than three months of unprecedented violence in the West Bank and Gaza Strip, claiming at least 91 Palestinian lives, Israelis remain profoundly split over whether to pull back from their present frontiers. An opinion poll published yesterday produced the surprising finding that, while nearly 37 per cent reject the Shultz proposals, 46 per cent are in favour. But Mr Shamir insisted that he would not give in to pressure.

Evidence that the unrest is moving into a new and possibly more serious phase for the Israeli authorities, came with yesterday's resignation by 300 Arab policemen in the West Bank. They handed in their notice to the military-run Civil Administration just 24 hours after a clandestine leaflet from the underground leadership of the uprising called on the entire 1,000-strong force to resign.

● King Hussein of Jordan late yesterday consulted President Hosni Mubarak of Egypt in Cairo as part of a continuing attempt to shore up a unified position among Arab frontline states in response to the Shultz initiative, writes Tony Walker in Cairo.

The Hashemite monarch has conducted a busy round of diplomacy since his return to the region this week from an extended stay in Europe. Before coming to Cairo, he had visited Iraq, Kuwait and Syria.

President Waldheim reviews a guard of honour yesterday before laying wreaths at Vienna's Heldenplatz to commemorate the 50th anniversary of the German annexation of Austria

Soviet city in state of siege says witness

BY CHRISTOPHER BOBINSKI IN MOSCOW

SUMGAIT, the Soviet Azerbaijani industrial city which was the scene of violent ethnic riots two weeks ago, was still in a state of siege on Wednesday, according to an eye witness who spoke to Western reporters yesterday.

Mr Andrei Shilkov, a member of an independent publishing group in Moscow who spent some hours in the city, said that it was being patrolled by soldiers in helmets and that tanks were out in strength in the streets. He said he saw 47 tanks in one square alone.

Feelings of hostility between Armenians and Azerbaijanis in the city were still running high and there were stories of atrocities, such as the disembowelling of pregnant women, committed against Armenians.

"The stories are terrible. It was a bloodbath, a real pogrom," said Mr Shilkov, a historian who was a political prisoner for three years earlier this decade.

"Armenians were sought out and indiscriminately killed," he said.

Unofficial estimates of the death toll run to more than 10 times the figure of 32 given by the Soviet authorities. While the stories of atrocities cannot be independently checked it is certain that they are widespread in Soviet Armenia and are fuelling nationalist feelings there.

The riots and demonstrations started last month after the Armenians living in Nagorno Karabakh, a district of Azerbaijan, demanded to be re-united with Armenia.

The Sumgait events were apparently sparked when the local media said that two Azerbaijanis had died in the Nagorno-Karabakh area in the disturbances.

Armenians have said they will renew demonstrations in Yerevan on March 26 if the Soviet leader, Mr Mikhail Gorbachev, who has promised to examine their cause, fails to satisfy their demands.

An autonomous national steering committee of 100 people which organised the protest last month is considering whether to call for a three-day general strike, according to Mr Sergei Grigoryants, the publisher of the independent journal Glasnost, who returned to Moscow from Yerevan on Thursday.

Behind the scenes the communist authorities were making efforts to bring the committee, which has a 14-member praesidium as well a representatives of outlying towns and villages on it, under official control, Mr Grigoryants said.

● A group of US senators and academics, including Mr Alan Cranston, the Democratic deputy leader, and Mr Sam Nunn, chairman of the armed services committee, ended a five-day visit to Moscow yesterday. They talked for three hours with Mr Gorbachev as well as other officials and said the talks had helped to achieve more understanding.

Plea from Afghan mediator

By William Dullforce in Geneva

MR DIEGO Cordovez, the UN mediator, yesterday asked the Pakistani and Afghan delegations negotiating the withdrawal of 115,000 Soviet troops from Afghanistan to return on Monday with "strengthened instructions".

Serious problems remained, Mr Cordovez acknowledged in unusually irritated responses to reporters' questions about the obstacles in which the talks have become snarled during the last week.

If the Soviet forces are to start their disengagement on May 15, as proposed by Mr Mikhail Gorbachev, the withdrawal agreement should be completed in Geneva by Tuesday, to comply with the Soviet leader's offer.

Mr Cordovez's request that delegates refer to their governments reinforces other indications that the arena for decision has moved from Geneva to Washington, Moscow and the capitals of the two participants.

Asked on Thursday if he had been discussing with US officials compromises over the two main impediments to an accord, Mr Nikolai Kozyrev, the Soviet ambassador-at-large following the talks in Geneva, said contacts were being maintained through the embassies in Washington and Moscow.

Uneasy truce holds in exchange of missiles in Gulf 'cities war'

BY OUR MIDDLE EAST STAFF

AN UNEASY truce in the prolonged bout of missile exchanges in the Gulf war seemed last night to be holding after Iraq accepted the deadline set by Iran for a reciprocal cessation of hostilities against cities and towns.

Before it did so, however, Iraq submitted Tehran and other cities to the most concentrated barrage of the 11-day round in the so-called war of the cities, launching at least half a dozen Skud Bs in less than two hours during the night.

Iran said the vicious tit-for-tat bombardment against centres of civilian population had ended. Earlier Tehran said that it would terminate its attacks at 13.30 GMT if Iraq reciprocated.

An offer of a conditional halt in the exchanges made by Iraq on Thursday was spurned by Iran, which was apparently anxious that it should set the time for the ceasefire. Two missiles were fired at Baghdad three hours after the proposed deadline.

Iraq set down five conditions, one of which was that it should fire the last missile. Others were an end to "aggression" on Iraq's international border and any further strikes on civilian areas.

In a confused situation it was difficult to say which of the belligerents had preserved or lost more face. Both, however, seemed anxious that a ceasefire should hold after firing about 100 missiles at each other's territory. Iraq launched about 70 and Iran more than 30.

Tehran Radio yesterday quoted a spokesman for the war information headquarters as saying that Tehran had never wanted to expand the conflict to include civilian populations.

At the same time he warned: "If the Iraqi regime starts the slightest mischief and attacks residential, non-military and economic areas, combatants of Islam will resolutely respond with all their might."

An Iraqi High Command communique, issued a few minutes after Baghdad had announced a ceasefire, called on Iran's leaders to adhere to the ceasefire or choose "the path of complete destruction".

The round of hostilities began on February 27 when Iraqi aircraft attacked an oil refinery on the outskirts of Tehran.

Crocker to meet SA minister

SOUTH African Foreign Minister Pik Botha is to meet Chester Crocker, the US Assistant Secretary of State for African Affairs, in Europe next week, Reuter reports from Johannesburg.

"I think Botha will have a strong message for Mr Crocker. I don't think this is necessarily going to be a reconciliation," said a South African foreign ministry official.

Angered by US trade sanctions, Pretoria has been critical of Washington over Angola. Mr Botha, who is now in Chile and returning home via Europe, said last month the US was becoming irrelevant in efforts to solve the civil war in Angola.

South Africa recently proposed a direct deal with Moscow to set up a neutral government in Angola.

Mr Crocker has strived for years to negotiate the withdrawal of an estimated 40,000 Cuban troops supporting Angola's pro-Soviet Government in a 12-year war against South African-backed rebels. Washington and Pretoria have made the Cuban troop withdrawal a precondition to implementation of a UN plan for the independence of Namibia (South West Africa).

Mary Helen Spooner in Santiago adds: Mr Botha's two-day trip to Chile comes a few days before the opening of the Chilean Air Force's international aeronautics fair, where the South African armaments company Armscor will unveil a new air-to-air missile.

His trip is the second to Chile by a South African cabinet minister in six months. Last October Finance Minister Barend du Plessis spent three days in Santiago, accompanied by the Finance Ministry's Director General, Chris Stals, for a round of meetings.

Chile is one of South Africa's biggest arms customers in Latin America, and the private Chilean armaments company Cardoen imports South African fuses and other spare parts for the manufacture of cluster bombs which it sells to Iraq and other countries.

South Africa will have one of the biggest exhibits

Goria quits early over nuclear policy

By John Wyles in Rome

MR GIOVANNI GORIA, the Italian Prime Minister, handed in his resignation last night after a bitter split in the Government over nuclear policy.

The young Christian Democrat Prime Minister had been expected to stay in office until next Thursday so as to be able to fulfil a number of commitments, including a meeting with his Spanish counterpart, Mr Felipe Gonzalez.

However, he sparked a row with the Socialist Party by insisting late on Thursday evening that the Government should allow construction of a nuclear power station north of Rome to be resumed. This has been held up pending a decision on the future of Italian energy policy and Socialist ministers, who were outvoted in the cabinet, argued that such a decision should not be taken by a government in its dying days.

The Socialist Party yesterday called Mr Goria's move "inexplicable" and the opposition Communists, together with the Greens and the Radicals, demanded a parliamentary debate.

Mr Goria's decision to resign in the face of so much hostile reaction will be seen as an attempt to put on to the Socialists the blame for a political crisis which had been scheduled for next week because of dissensions within his own Christian Democratic Party.

It appears that the split between the Socialists and Christian Democrats will not be easily repaired and it may be some weeks before Italy's 48th post-war government can be sworn into office.

US wholesale prices down 0.2% last month

US wholesale prices fell 0.2 per cent in February after rising 0.4 per cent in January, the Labor Department said yesterday, Agencies report.

The decline, which reflected lower costs for food and energy last month, confounded expectations of a 0.3 per cent increase and provided fresh assurance that inflation remained under control, economists said.

The Commerce Department said retail sales rose 0.6 per cent in January, in line with expectations. Car sales were particularly strong once again, rising 1.6 per cent after climbing 2.0 per cent in January.

The two reports portrayed an economy that has shrugged off the shock of October's stock market crash and is still expanding moderately without generating inflationary pressures.

Retail sales have risen in three of the four months since the collapse. Wholesale prices had fallen by 0.4 per cent in December, were unchanged in November and declined by 0.3 per cent in October.

Energy prices fell 0.8 per cent after slumping 4.5 per cent in January. It was the sixth consecutive monthly drop, with both gasoline and heating oil prices continuing to fall.

HK futures chief named

BY DAVID DODWELL IN HONG KONG

MR DOUGLAS FORD, president for the past 10 years of the Winnipeg Commodities Exchange, has been named chief executive of Hong Kong's troubled futures exchange, after a five-month search. He will take up the post on June 13.

Contacted in Winnipeg yesterday, Mr Ford seemed well aware of the crisis the Hong Kong futures exchange was plunged into when the world's stock markets collapsed on October 19 last year. The exchange's guarantee corporation then found itself with outstanding liabilities in Hang Seng index futures contracts of about HK$1.8bn (£125m).

The crisis forced the closure of the local stock market, and triggered worldwide criticism of the quality of supervision of Hong Kong's securities industry.

With any luck, Mr Ford may arrive to find much of the clean-up operation complete. Arrangements have already been made for the recovery of more than *HK$1bn of liabilities* outstanding from the October crash. Supervision has been tightened, with new capital adequacy *requirements for exchange* members, and higher margin calls.

More reforms are likely to be proposed in a wide-ranging study of the shortcomings of the securities industry.

Mr Ford, who is 45, was professor of agricultural economics at the University of Manitoba before moving to head the Winnipeg exchange. He has also worked for ICI in Canada.

At present, the Hong Kong exchange rarely records more than 1,000 contracts traded in a day – compared with about 4,000 to break even, and 40,000 in the halcyon days of last summer, when for a brief period, the volume of trade in Hang Seng index futures was the heaviest in any futures contract worldwide.

Taiwan to allow imports from mainland China

By Robert King in Taipei

TAIWAN is to allow imports of a wide range of Chinese goods, Prime Minister Mr Yu Kuo-hwa said yesterday.

In what amounts to official recognition of what has been going on for some time, Mr Yu said imports would be permitted except agricultural products produced in Taiwan and light industrial goods.

While some see this as a reversal of Taiwan's 40-year policy of having nothing to do with the Peking regime, the decision is in line with other recent changes.

In addition to easing tensions between the two sides, imports of Chinese raw materials and products such as cotton could help reduce costs for Taiwanese manufacturers.

Officially, Taiwan maintains *its policy* of no contacts, negotiations, or compromise with Peking. Unofficially, however, the predominant view is that *increased personal contacts could* help narrow the gap between the two sides.

Last year, Taiwan imported *HK$2.3 bn of goods from China* through Hong Kong, a 101 per cent increase over 1986. Total indirect trade was £862m, accord*ing to the Hong Kong bureau of* census and statistics.

Brazil output falls for seventh month

BY IVO DAWNAY IN BRASILIA

EVIDENCE that Brazil is threatened with a deep recession came yesterday with the publication of official industrial output figures showing an 8.6 per cent fall in January against the same month last year.

The decline, though less than one percentage point down on December, is the seventh monthly fall since June last year and the largest year-on-year downturn since 1983, the year when the foreign debt crisis first hit.

Although the extent of the setback is mitigated by a strong performance in January 1987, when price controls were lifted in Brazil, the downward trend is expected to continue for at least another three months, officials said.

The worst-hit sectors included plastics, down 23 per cent, clothes and pharmaceuticals (down 17 per cent), electrical and communications equipment (15 per cent) and textiles (11 per cent).

The gloomy outlook comes on *top of reports of falls of up to 40* per cent in sales for some consumer retail sectors.

In addition, there is growing concern *among businessmen* at labour clauses in the new constitution, now nearing completion. Votes taken this week have drastically reduced the restrictions on strike action by unions and extended workers' rights in various areas such as maternity leave and security of employment.

Opponents of the measures say the result will be a surge in business costs just at the time savings and cuts need to be made.

Senator Albano Franco, head of the National Confederation of Industry, said in a television interview yesterday that the new provisions could add more than 50 per cent to outgoings for many basic industries.

"My concern is that we will have to pass on these costs and that means we could provoke hyperinflation," he told interviewers.

The business community is also *dissatisfied with decisions* taken this week by the Interministerial Council on Prices to reduce federal government price controls.

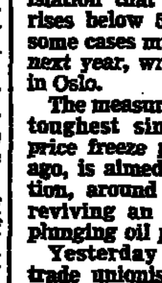
Several industrial leaders have described the new policy, which maintains controls in many areas, *as disappointing and inadequate.*

Norway wages bill

Norway's minority Labour Government, which imposed a temporary freeze on wages last month, yesterday proposed legislation that would keep pay rises below 5 per cent, or in some cases much less, over the *next year, writes Karen Fossli* in Oslo.

The measure, decribed as the toughest since a wage and price freeze package 10 years ago, is aimed at cutting inflation, around 7 per cent, and reviving an economy hit by plunging oil prices.

Yesterday some 350,000 trade unionists staged a two-hour strike in protest.



Danish deficit down

The deficit on Denmark's balance of payments on current account fell last year from Kr34.6bn (£2.96bn), about 5.2 per cent of the gross domestic product, to Kr20.1bn, writes Hilary Barnes in Copenhagen.

The improvement was due to the visible trade balance moving from a deficit of Kr8.5bn to a surplus of Kr5.6bn.

Suharto sworn in

Indonesia's President Suharto was sworn in for a fifth term yesterday.

The 66-year-old Mr Suharto in his inaugural speech to the 1,000-member National Assembly pledged to serve out the full five years of his term

Blow for democratic hopes

BY DAVID DODWELL

CAMPAIGNERS for faster democratic reform in Hong Kong were licking their wounds yesterday after results of district board elections con*firmed fears of a poor voter* turnout.

Despite intensive government advertising, and weeks of ardent campaigning by 461 contestants for 264 seats on 19 district boards, only 30 per cent of registered voters used their vote. Since fewer than half of the territory's 3.45m eligible voters registered in the first place, the actual turnout amounted to only 12 per cent.

The newly-created grass*roots political bodies* have been seen as a training ground for the territory's young political hopefuls. They were also a *springboard to the legislative* council, which under 1985 reforms gave 10 seats to district board members.

But a white paper on political reform unveiled a few weeks ago not only deferred the introduction of direct elections to the legislative council until 1991, but concluded that when directly-elected seats are *finally introduced, they will be* at the expense of the seats now reserved for district board members.

Academics have said that the low voter turnout does not mean that Hong Kong people are unready for direct elec*tions to the legislative council* as has been argued.

Vietnamese premier Pham Hung dies

BY OUR FOREIGN STAFF

PHAM HUNG, Prime Minister of Vietnam, has died of heart failure after only nine months in the job. He was 75 and died on Thursday after being in apparently poor health for some time.

His death is an important loss to the reformers in Hanoi because he was an important bridge between them and the old guard of revolutionaries whose policies took Vietnam to the brink of economic collapse once the Vietnam war against the US was over. He replaced Pham Van Dong, 81, who *stepped down* after 32 years as Premier when the reformers took over.

Pham Hung began by fighting French rule in Indochina and then became a prominent leader in the Vietcong's war against Saigon and the US. He was the only southerner to rise to the heights of Vietnam's traditionally northern-dominated government.

During the war years he headed the Central Office, South Vietnam (COSVN), working *closely with Nguyen Van Linh*, the former COSVN propaganda chief who became secretary-general of the party, the most important leader in Vietnam, in December, 1986.

Diplomats said Hung's often low profile belied his influence during his years as Interior Minister, boss of Vietnam's huge internal security apparatus of *nearly a million police.*

Many observers believe that since the end of the war in 1975 Vietnam's biggest achievement was to establish security in the formerly capitalist South. They argue that only southerners like Hung or his successor, Mai Chi Tho, would have the experience and network of southern contacts necessary for control there.

He had narrowly escaped death in 1931 when the French colonial authorities arrested and sentenced him to death but later commuted this to life imprisonment with hard labour and exiled him to Poulo Condore, Vietnam's equivalent of Devil's Island.

He was not freed until the uprising in August 1945 that wrested power in the North from the Japanese and Vichy French government.

Pham Hung: loss to reformers

FINANCIAL TIMES

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OVERSEAS NEWS

Victim's silence fuels race row in abduction riddle

James Buchan reviews the case of a black girl who disappeared for four days in a town near New York

ON THE night of November 24 last year, a 15-year-old black girl, Tawana Brawley, stepped off a bus at a petrol station on the outskirts of Wappingers Falls, a beaten-up old mill and bleach-works town up the Hudson River from New York City.

The bus driver says she was wearing blue jeans and carrying books: an ordinary high school *girl heading home in the cold*. At 8.45 pm, she passed out of his sight, headed into the bright strip of stores, offices and fast-food restaurants at the intersection of Route 9 and a wooded lane called Myers Corners Road. In fact Tawana passed out of the world.

Four days later, she was found, dazed and filthy, crawling into a plastic trash bag outside a block of flats where she once lived in the woods to the east of Route 9. Nobody except perhaps she knows what brought her to this condition and three months later the mystery is no nearer solution.

In three incoherent interviews with the police during which she only nodded, shook her head or wrote notes in answer to leading questions, she pieced together an appalling tale of sexual attack and humiliation by a group of white men, including a man she thought was a police officer. Since then, Tawana has said nothing to investigators and last week she was taken into hiding by her lawyers. Without a victim to testify, investigators say they cannot begin to make a criminal case.

In its place has flourished a political scandal which has poisoned already troubled race relations in New York City and provoked demonstrations and rallies in the Hudson valley.

Tawana's lawyers, Mr Alton Maddox and Mr Vernon Mason, together with a radical Brooklyn minister, the Reverend Al Sharpton, say the Dutchess County police have obstructed the investigation. *They have attacked the* New York State Governor, Mr Mario Cuomo, for bias against blacks and kept Tawana from co-operating with the special prosecutor he appointed for the case, the state Attorney General, Mr Robert Abrams. The fiery Mr Sharpton compared Mr Abrams to Hitler.

The mudslinging has alienated some blacks and encouraged many whites in New York to *doubt that there is any truth at* all in Tawana's story. Mr Charles Hynes, special prosecutor in another racially controversial case at Howard Beach, said last week that Tawana's advocates "are permitting the rumours to seep out that maybe it didn't happen at all".

Tawana told the police she crossed the six lanes of Route 9 and turned down Myers Corners Road, which snakes through woods and scattered houses to her home a mile away. According to her fragmentary account, a dark vehicle pulled up and she was dragged into the back by a white man who wore a dark jacket, badge, and holster. She said she was then taken into woods where there were other white men.

Her case aroused anger and sympathy at first. The story received circumstantial backing when a part-time policeman called Harry Crist shot himself in Wappingers Falls four days after Tawana was found. Mr William Grady, the local district attorney, then added to the suspicions of a cover-up by withdrawing from the case on the grounds of conflict of interest. Eventually, Governor Cuomo took the case out of local hands.

Now new evidence has been published that undermines the *story put out by Tawana and her* advocates. In particular, there are strong signs she spent part of the lost four days in her family's old apartment at the Pavillion, the complex of flats in the woods east of Route 9. Investigation also showed that Tawana had quarrelled recently with her mother's companion, Mr Ralph King, who served time for the manslaughter of his former wife. And her family did not report her absence *until after she was found.*

Meanwhile, Tawana's lawyers and Mr Sharpton have come under fire from other black leaders for their political approach. Mr Roger Green, a Brooklyn Democrat who heads the black caucus in the state assembly, accused Mr Sharpton of "tactics that encourage race war". Mr Hynes, the prosecutor at Howard Beach, says that by refusing to co-operate the three are "*depriving this kid of justice*".

The tragedy is that something did happen to Tawana Brawley which was terrible and may now never be known. As Governor Cuomo said on Tuesday: "It's now clear that she's not going to co-operate, period. No matter what you do."

UK NEWS

Ulster to increase grants for marketing

By Our Belfast Correspondent

MR PETER VIGGERS, Northern Ireland Industry Minister, yesterday announced a scheme enabling companies to qualify for annual marketing grants worth up to £60,000 each.

The scheme, backed by the Industrial Development Board for Northern Ireland, is called the 40/60 plan. It follows the board's 40/30 plan which has produced business worth £27m for Ulster companies since it began in September 1985.

Under the old plan companies could obtain 40 per cent grant up to a maximum of £30,000 in any year to help with any one of nine marketing activities.

To be eligible for the new grants, companies will have to submit a full plan with a complete analysis of their marketing needs.

The new scheme was announced by Mr Viggers during a visit to Ulster Weavers which has used the 40/30 plan to generate orders for linen worth more than £1m since early 1987.

Mr Tom Eakin, chief executive of the Linfield Group, which owns Ulster Weavers, said the company had used the scheme for market research in the West Indies and Latin America, resulting in orders of nearly £500,000.

Alice Rawsthorn on frustrations for designers aiming to cut a dash in world markets

Hard road for British leaders of fashion

LAST week it was Milan. Next week it will be Paris. But this weekend the international fashion circus has wended its way to London for the British designer collections.

The outlook for the dozen or so designers who will show their collections in London this weekend is far from encouraging. There is concern about the legacy *of the stock market collapse*, about its impact on the spending power of their customers, and the effect of the dollar's decline on American fashion buyers.

Most of the designers have responded to these problems by cutting costs and nurturing new business from Europe and the Far East. But behind these immediate concerns lie the longer-term problems which plague British designers: inadequate funding, poor production and a weak rapport with the mainstream fashion industry.

The importance of this small band of British designers to the mainstream manufacturers lies in the export field. UK clothing *manufacturers mustered over*seas sales of £1.7bn last year. The designers' contribution was tiny. But Mr John Wilson, director of the British Clothing Industry Association, is convinced that they played a "crucial role" in attracting export buyers.

The cottage industry composed of London's fashion designers is not only tiny compared with the mainstream industry in Britain, but also with its counterparts in other countries.

Alan Harper

On show at Olympia: the John Flett autumn-winter collection

Eventually, he began his business with a loan from his parents and an investment from "a friend of a friend." Yesterday he staged his first catwalk collection.

A parallel problem is finding suitable sources of production. The British clothing industry, or so the designers assert, is divided into two camps – the large manufacturers, *with modern plants* dedicated to volume production for the high street multiples or for their own brands, and the "sweatshops" in the inner cities.

The large manufacturers are equipped for high volume and cannot provide the small quantities that the designers need. The sweatshops cannot deliver the right quality.

All the designers cite horror stories of stroppy suppliers, late deliveries and lousy quality. John Galliano says that in his early days, he had to "run round begging on bended knees to persuade people to supply me."

Even established designers like Betty Jackson and Jasper Conran mustered turnover of less than £2m last year. Katharine Hamnett, who is probably the most successful in money terms, claimed retail sales of £20m. By contrast Ralph Lauren and Calvin Klein, the biggest of the Americans, saw their sales surpass £500m.

The secret of the success of the Americans – and the French and the Italians – lies in their ability to secure capital at an early stage and to their close liaison with mainstream manufacturers on *production and licensing.*

British designers have none of these advantages. Their disadvantages begin with money: or rather with the lack of it. In the US, the venture capital industry provides finance for young designers. In France and Italy they can turn to the giant textile groups for support. But the Britons have to fend for themselves.

One company, Aguecheek, has followed the French and Italian *model by backing two emerging* British designers, John Galliano and Alistair Blair. Aguecheek looks after their finances, offers help with production and pays for publicity. The designers draw salaries and take a percentage of profits.

But most young designers are less fortunate. The story of John Flett, who left college three years ago, is more typical. He did the rounds of the banks in an unsuccessful attempt *to secure a loan.*

Some designers have responded by turning to overseas suppliers, chiefly to the Italians who have modern production plants, capable of dealing with *small quantities, and a long tradi*tion of craftsmanship. Jasper Conran and Betty Jackson now source half of their collections in Italy.

Similarly the mainstream British manufacturers have been reluctant to forge links with designers through licensing agreements. Such agreements, whereby designers lend their name and flair to products like perfume or lingerie made by a mass manufacturer, are established as a lucrative source of income – for designers and manufacturers alike – in France, Italy and the US.

In Britain there is very little licensing, although there has been some progress. Bruce Oldfield recently secured a series of agreements – with Pilkington for sunglasses and Courtaulds for tights.

But, by and large, the worlds of the manufacturer and the designer are as far part as ever. Jasper Conran despairs of them ever coming together. Industry, he says, still persists in refusing to see designers as anything other than "a duff lot, with our heads in clouds of *pink chiffon.*"

Mountleigh and P&O to put £400m into Leeds

By Ian Hamilton Fazey, Northern Correspondent

MOUNTLEIGH and Peninsular & Oriental each committed £200m over five years yesterday to joint ventures with the Leeds City Development Company, launched by Leeds City Council and private sector leaders in the area.

The £400m will be available for mixed property developments in the industrial, commercial, retail and leisure sectors in Leeds. The public sector contribution – to be channelled through the development company – will come mainly in the form of land.

Mr Tony Clegg, Mountleigh's chairman, said much of his company's money would go into inner-city projects and might include housing. Mountleigh and P&O will act separately in most deals with the LCDC but may link on some schemes or involve other developers.

The LCDC will use its share of profits to encourage industrial development and expansion of smaller businesses by investing in run-down areas.

It also hopes to work closely with the mini urban development corporation set up by the Government to tackle inner-city dereliction in Leeds.

Mr George Mudie, Labour leader of Leeds City Council and chairman of LCDC, said yesterday that money was needed to develop the land. "Leeds hasn't got it but the private sector has. Some sort of marriage was inevitable."

Mr Clegg said: "We believe this is going to speed up development of land that might have otherwise lain idle."

Mountleigh has headquarters in Leeds, while P&O's property interests – which include Bovis, the house builder, and Town & City, developer of the retail Arndale Centres – are run by Mr Ronald Jennings, who lives in Shipley, West Yorkshire.

Lord Joseph, a former Leeds MP and cabinet minister, is a director of Bovis and helped introduce P&O to the city council. Mountleigh's advisers include Lord Bellwin, former leader of the council and former environment minister.

All three partners may jointly bid for the north's main Channel Tunnel rail freight terminal, to be built on council land near the junction of the M1 and M62 motorways.

W H Smith expands

W H SMITH, the retail and distribution group, is hoping to open 150 stores this year, to take the total number of shops across its six chains to nearly 1,100.

If successful in finding sufficient sites, the total addition to the group's sales area would exceed the 1m sq ft opened last year.

Sedgwick names Willis Faber deputy as chief

BY ERIC SHORT

SEDGWICK GROUP, the biggest London insurance broking group, yesterday surprised the insurance industry by appointing its new chief executive, Mr David Rowland, from outside the group.

Mr Rowland is a vice chairman of Willis Faber, the second largest broker, which yesterday promoted Mr Roger Elliott, the other vice chairman, to the post of chairman and chief executive.

Mr Carel Mosselmans, who has been chairman and chief executive of Sedgwick, will remain as chairman until he retires in April next year.

Willis Faber has more conventionally decided to appoint the present deputy chairman, Mr Roger Elliott, to succeed Mr David Palmer as chairman and chief executive.

Speculation on changes at the top at Sedgwick has been gathering pace since the company announced poor results for 1987.

The group has been facing a series of problems both externally, because the insurance broking market is on the downswing of the trading cycle, and internally, where it is the process of integrating acquisitions.

It is no secret that Sedgwick's largest shareholder, the US insurer Transamerica, feels that Sedgwick has not done as well as expected. Transamerica's desire for a chief executive who would take a much firmer grip at Sedgwick has become unmistakable.

The man chosen for the task is highly-respected in the London insurance market. As chief executive of Stewart Wrightson Holdings Mr Rowland turned the group into a leading insurance broker before it was acquired by Willis Faber last year.

Mr Elliott will take over at Willis Faber on October 31. Although regarded primarily as an aviation insurance broker, he has had wide experience in all aspects of the group's operations.

Mr Palmer claims that the initial problems of integrating Stewart Wrightson, a process which led to large-scale defections of top individuals, are over.

Mr Elliott aims to consolidate and expand the group's operations, particularly in Europe where he considers growth potential to be good.

On a day of general market weakness, Sedgwick's share price rose on the announcement to finish 8p higher at 213p. Willis Faber was unchanged at 218p.

North-east to make Sanyo microwaves

BY IAN RODGER IN TOKYO

SANYO ELECTRIC is renovating and equipping two factories in north-east England to produce microwave ovens and crucial components for them. The project, which the Government is helping to subsidise, will cost £11m.

The factories – in Cleveland and Newton Aycliffe, County Durham – will employ 250 people initially and produce 200,000 microwave ovens a year. Production is scheduled to begin in August.

The project is of particular interest because of the company's decision to make magnetrons – the principal electron tube component in microwave ovens – in the UK. Sanyo said this would be the first factory in Europe to produce magnetrons.

Sanyo officials confirmed at a press conference in Tokyo yesterday that the decision to make magnetrons in the UK was influenced by last year's revisions of European Community anti-dumping regulations, which aim to discourage setting up of so-called "screwdriver" plants, which merely assemble components.

Without manufacturing magnetrons, the company would not have been able to raise local content in its microwave ovens to an acceptable standard: with magnetron manufacture, local content will be 60 per cent at the outset.

The magnetron plant will employ only 25 people but will absorb 30 per cent of the overall investment in this project. Initially, the output of the plants will be sold mainly in the British market, replacing microwaves imported from a Sanyo plant in Singapore.

Sanyo officials said they hoped British production of microwave ovens would double within four years and production of magnetrons would rise by 60-70 per cent. The company already has one UK factory at Lowestoft, set up in 1981 to produce colour television sets.

BAe expects £100m sale of airliners in Japan

BY IAN RODGER IN TOKYO

BRITISH AEROSPACE expects to sell about 10 BAe 146 short-haul airliners, worth about £100m, in Japan next week.

Professor Roland Smith, chairman of BAe, said in Tokyo yesterday: "I hope by the end of next week to have a contract."

He would not say which airline was the potential purchaser, and sources close to BAe doubted that such a big contract would be signed with a Japanese airline in the next week.

The deal may be for aircraft that would be financed in Japan for an airline elsewhere. BAe has never sold its own aircraft in Japan, but Airbus Industrie, in which BAe has an interest, has won sales from airlines there.

Prof Smith is in Tokyo as part of a trade mission led by Lord Young, Trade and Industry Secretary, and said BAe had been working hard for a breakthrough in Japan.

He believed the 146 would be ideal for many short routes serving small Japanese airports. Japanese airlines use the YS 11, a 20-year-old turbo-prop machine made in their own country, for domestic short-haul routes. No locally-made replacement will be available for several years.

The trade mission has gone to Kyoto and Osaka for the weekend. It will return to Tokyo on Sunday in a BAe 146, on a trip which will be part of the promotion campaign for the aircraft.

Mobil to spend £62m on refinery upgrading

By Steven Butler

Mobil Oil has given final approval for a £62m upgrading of its refinery at Coryton, Essex, in an effort to bring down the cost of producing lead-free petrol of high quality.

The move is a key component of the group's plan to sharpen its retail marketing of petrol in Britain and reflects its anticipation of rising demand for lead-free fuel.

Mobil is buying sites for petrol stations and will combine the stations with shopping and hotel operations.

Mobil said yesterday that the decision to upgrade the refinery was not linked to any hopes that tax on lead-free petrol would be cut further.

This change has been advocated by the Petrol Retailers Association and Petroleum Industry Association.

A tax differential in favour of lead-free petrol was introduced in last year's Budget, but sales still account for only a fraction of 1 per cent of the petrol market.

Nearly 800 stations throughout Britain offer lead-free petrol, although small sales mean that stations are losing money on it.

The Government is committed to wide availability of lead-free petrol.

Mobil will instal a continuous catalytic reformer (CCR) at Coryton. The CCR will replace two platinum reformers, and is expected to be in operation by the end of 1989.

Mr Roger O'Neill, UK chairman of Mobil, said: "The CCR is the most efficient and cost-effective way of manufacturing high quality gasoline.

"It will give us greater flexibility in responding to the demands of the market, as well as strengthening our position in the UK market."

Mr O'Neill was appointed chairman in November following his efforts as chairman and general manager of Mobil Oil Italiana to improve the group's market share in Italy.

Mobil has 7 per cent of the British retail market for petrol, with about 800 stations. About a quarter of them offer lead-free petrol, and Mobil plans gradually to offer the product at all of its stations.

Securities rules proposed by SIB

By Stephen Fidler

THE SECURITIES and Investments Board, which oversees the securities markets, yesterday published proposals which would complete its rules on the capital requirements of securities firms.

The board has asked for comments on the proposals, which cover rules for wholesale market instruments, by the end of this month.

It hopes to incorporate the final proposals into its rulebook by the time the Financial Services Act takes effect, probably in late April.

The proposals appear unlikely to contain any surprises for practitioners.

They have been discussed with The Securities Association, the self-regulatory organisation, and many have been incorporated in the association's rules.

Beecham shares fall despite drug trial

BEECHAM Group's shares fell 18p to 478p yesterday in spite of disclosure of the interim results of an independent clinical trial of its heart drug Eminase, suggesting it increased the chances of surviving a heart attack.

Earlier in the week the shares rose to 491p ahead of publication of the results in the medical journal The Lancet. In a trial of 1,004 patients, 12 per cent of patients who received standard therapy plus placebo died within 30 days compared with 6.4 per cent who were treated with Eminase.

Mr Peter Woods, analyst at Barclays de Zoete Wedd, said: "Eminase will be a moderate success but not a blockbuster."

Channon seeks private funding for transport

By Kevin Brown, Transport Correspondent

CONSTRUCTION companies are to be asked to develop proposals for private sector transport projects to ease road and rail congestion. Mr Paul Channon, the Secretary for Transport, will write to construction companies, merchant banks and financial institutions shortly, the Transport Department said yesterday.

Officials said Mr Channon was testing the strength of private interest in transport infrastructure projects as part of its long-term planning, since such schemes could take several years needing parliamentary approval.

The aim is to find ways of supplementing both the existing publicly-financed transport network and future projects. Ministers recognise that private schemes financed by tolls could prove controversial if they replaced services that would have been provided by public funds.

However, the possibility of private involvement in transport has been established by the Trafalgar House plan for a toll bridge over the Thames at Dartford.

In addition, the City extension of the Docklands Light Railway has been partly financed by London developers and private capital is being sought for a light railway system in Manchester. London Regional Transport is also to seek private financing.

Battle mounts over Maxwell books

BY RAYMOND SNODDY

THE BATTLE of the Maxwell biographies intensified yesterday as a writ for libel was issued against Blackwell, the Oxford-based bookseller, and lawyers clashed over what was seen as "a consistent pattern of pressure on booksellers."

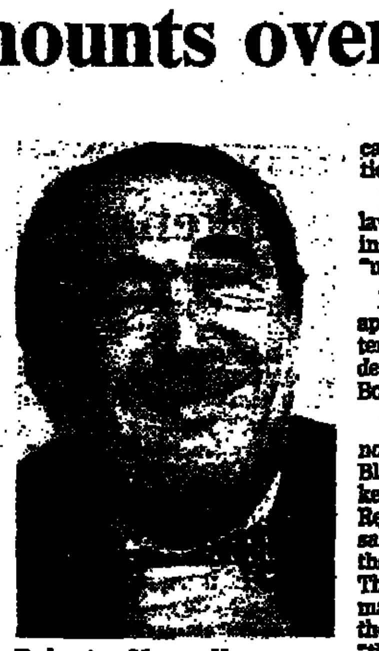
Lawyers acting for Mr Robert Maxwell, publisher of Mirror Group Newspapers, said they were issuing a High Court writ for damages against Blackwell because of sales of two "unauthorised" biographies alleged to be libellous.

The books are Maxwell The Outsider by Tom Bower, published by Aurum Press, and Maxwell A Portrait of Power by Peter Thompson and Anthony Delano, published by Bantam Press.

A representative of Mr Maxwell said yesterday there had been no intention of trying to obtain an immediate injunction preventing Blackwell selling the two books.

An angry exchange of letters between lawyers acting for Aurum and Victor Mishcon & Co, on behalf of Mr Maxwell, suggested the picture was less clear.

A letter from Mishcon warned Blackwell that unless undertakings were given (on selling the books) by 5pm on Thursday "we shall apply to the court on Friday morning (March 11) for injunctive relief on our client's behalf."



Robert Maxwell: angry exchange of lawyers' letters

Biddle & Co, acting for Aurum Press, said that this was "a wholly improper threat for Mr Maxwell to be making through you," given that an earlier application for an immediate injunction had been withdrawn.

Biddle & Co said Mr Maxwell's lawyers accepted that the wording of their letter had been "unfortunate."

Biddle & Co argues that there appears to be a consistent pattern of pressure on booksellers designed to suppress sales of Mr Bower's book.

Yesterday's legal flurries did nothing to change the mind of Blackwell. Mr Roger Cole, marketing director of B.H. Blackwell Retail, which runs 53 bookshops, said yesterday: "We intend to sell the books and to go on doing so." The company saw the issue as a matter of principle. It would obey the law, but would not respond to "threats and bullying."

Mr Cole said the two "unauthorised" books were selling briskly for a Friday in March with Mr Joe Haines's authorised version trailing.

Many booksellers were being cautious in the face of Mr Maxwell's allegations of 35 "principal libels" in the two books – eight of them in Mr Bower's book.

Aurum and Bantam have offered booksellers indemnities protecting them against damages sustained by selling the books.

However, W.H. Smith was holding its supplies of both books in its Swindon warehouses while lawyers studied the implications of the indemnity offer.

The Booksellers Association, representing 3,400 book sellers, was pointing out to members a section of the Defamation Act which said indemnities were lawful provided those accepting them did not have reason to believe at the time that defamations had taken place, or they had good reason to believe there was an adequate defence.

The association reported that its members were furious at what many saw as "bullying" and that some booksellers were saying they would remove all Macdonald titles from their shelves. The authorised biography is published by Macdonald, a Maxwell company.

The publishers facing Maxwell litigation were delighted at the unexpected publicity the affair had brought their books. Mr Paul Scherer, managing director of Transworld, the owner of Bantam, said yesterday: "We are delighted at the way the book is selling."

Government delays bill to avoid Labour filibuster on benefits

BY TOM LYNCH

GOVERNMENT business managers moved yesterday to prevent Labour using Tuesday's Budget to force a troublesome delay to the Social Security Bill which, among other things, tidies up the framework for next month's changes in the benefits system.

The plan for Monday had been for MPs to complete the Commons stages of the Housing (Scotland) Bill followed, at about midnight, by consideration of amendments made by the House of Lords to the Social Security Bill.

Mr Frank Dobson, shadow Leader of the House, told journalists at Westminster that some Labour MPs felt so strongly about the benefit changes that they would have talked through the night, forcing the Government to adjourn debate before 2.20 pm or lose all Tuesday's business, including the Budget.

Adjourning the bill would have obliged the Government to find time to complete it in the following week, less than two weeks before the April 1 date for implementing some of its provisions and producing difficulty for those drawing up and enforcing the necessary orders.

Mr John Wakeham, Leader of the House, told the Commons yesterday that Monday's business would begin with a "guillotine" motion setting out a timetable for debate on the bill, while the Housing (Scotland) Bill would be postponed.

"The original business was considered unacceptable to the Opposition and it was considered in the best interests of the Commons to allow the change," he said.

Backbench Conservatives said the change showed that Labour was "inept" and "out of control" and were joined by the Social and Liberal Democrats in condemning the loss of Scottish business.

However, Labour seemed pleased with delaying the Scottish bill and bringing the debate on benefits into what Mr Dobson called "reasonably reportable time" – the original after-midnight timetable would have curtailed press coverage.

Editor in court over document

MR ANDREAS Whittam Smith, editor of The Independent newspaper, appeared before an Old Bailey judge yesterday over alleged possession of a secret document following publication of a story on European anti-terrorist plans on Thursday.

Outside the court, Mr Whittam Smith said The Independent had been given notice that it was believed to have committed an offence under section two of the Official Secrets Act.

"We shall argue against that most strongly," he said.

The newspaper was served with an order at 12.28pm yesterday to appear at 2pm. The hearing, before Mr Justice Owen, was held in chambers and adjourned until next week.

Papers served on The Independent described the general nature of the alleged offence as "possessional control of a secret document obtained in contravention of the Official Secrets Act."

An article by Ms Sarah Helm, the newspaper's home affairs correspondent, described proposals being considered by the Trevi group, the European interior ministers dealing with terrorism.

The order sought the return of a document allegedly in the paper's possession, concerning a January meeting of the Trevi group in Brussels.

It instructed the newspaper not to "conceal, destroy, alter or dispose of the material to which the application relates, except with leave of the judge," or until the newspaper had complied with any order made as a result of the application.

It detailed a reference to the document made by Ms Helm in a conversation on Wednesday with a Mr C. Walters of the Home Office and said: "This is believed to be a classified document, part secret and part confidential, relating to a meeting of representatives of the Trevi network of countries which took place in January 1988."

Mr Whittam Smith said the hearing "petered out" because neither side had time to prepare fully. No order was made about the document, which left the newspaper free to publish further extracts if it wished to do so, but he added: "We will have to think about that."

Extension of M66 will complete motorway ring

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

THE GOVERNMENT yesterday approved a £160m, 10-mile extension of the M66 through the eastern boroughs of Greater Manchester. It will complete an outer ring of motorways around the conurbation by the mid-1990s.

The new road will link the M62 near Middleton with the M63 at Stockport, passing through old, still-struggling industrial areas such as Oldham, Ashton-under-Lyne and Hyde. Work will begin by 1992.

The total length of the motorway ring will be about 40 miles. A further £140m is being spent widening and upgrading sections of the M62 and M63.

The new road is expected to boost the economy of eastern Greater Manchester.

The economic benefits are likely to be felt throughout the north of England. The new route is likely to reduce journey times between Manchester Airport and Leeds to well under an hour, as well as directly linking booming areas south of Manchester.

Initial studies are understood to be taking place to find a new route into south Manchester from the M6, possibly by building a motorway directly northwards from Stoke-on-Trent.

Ulster loyalist paramilitary leader quits

By Our Belfast Correspondent

MR ANDY TYRIE stood down yesterday as leader of Northern Ireland's biggest Loyalist paramilitary organisation, the Ulster Defence Association.

Mr Tyrie, 48, from Dundonald on the outskirts of Belfast, became chairman of the UDA shortly after its formation in 1973. A successor is to be appointed next week.

The rank-and-file membership of the UDA is reported to have been dissatisfied with Mr Tyrie's leadership and earlier this week a dissident loyalist group claimed responsibility for planting a bomb under his car. Mr Tyrie said he was keeping an open mind on the question of responsibility but the IRA denied they were involved.

The UDA's statement yesterday said Mr Tyrie had stood down "by mutual consent."

Mr Tyrie is understood to have called the meeting himself to secure a vote of confidence, which was not forthcoming.

Air fares to fall on Irish routes

By Michael Donne, Aerospace Correspondent

CHEAPER FARES and greater freedom for airlines to fly in competition between the UK and the Irish Republic will result from an agreement signed in Dublin yesterday by the aviation ministers of the two countries.

It will enable more airlines to open new routes between the two countries and allow more airlines to compete on existing routes, while also allowing them greater freedom to set fares.

Although the agreement falls short of a totally "open skies" policy, it is the most liberal development yet in Anglo-Irish air transport relations, and as far as the UK is concerned the most liberal in Europe apart from the one with the Netherlands signed several years ago.

The only significant restriction is that each country retains the right to designate which airlines shall fly between them, subject to scrutiny of their financial, legal and operational fitness.

Lord Brabazon of Tara, UK Aviation Minister, said the deal "allows both governments to step back from the market and let it operate more effectively."

Mr John Wilson, Irish Minister for Tourism and Transport, said his government wanted to see a "significant increase" in tourists from Britain and Europe, "and to achieve this we need lower fares and greater frequencies of service. The memorandum is consistent with these objectives."

The most important elements of the package are:

● A "double disapproval" fares policy, whereby airlines can offer what fares they choose unless both countries disapprove.

● "Open capacity" which means neither country will restrict the frequency, capacity or type of aircraft proposed by the designated airlines of the other country.

● "Multiple designation" on major trunk routes which carry heavy traffic, so that each country can nominate as many airlines as it wishes between Dublin, Cork and Shannon, and London, Luton, Manchester and Birmingham, with "dual designation" (two airlines from each country) on other lesser routes.

● "Open routes", allowing one designated airline from each country to operate from any point in one country to any point in the other.

There are also provisions for more liberal treatment of charters, cargo operations and "fifth freedom" operations, that is the right of airlines from each country to pick up passengers in the other and carry them on to destinations in third countries.

Bank to issue budget gilts

By Simon Holberton

THE BANK of England yesterday offered the gilt-edged securities market an opportunity to tell the Government what it thinks of Tuesday's Budget by announcing a tender of £800m of new gilt-edged securities on Wednesday morning.

The announcement of the tender buoyed the gilts market and prices for long-dated securities improved. Dealers said the Bank's offer was taken as a sign that the Budget could be good for the market.

The Bank is offering new stock, 8½ per cent Treasury Stock 1994, of which £50 per £100 bid for is payable and the balance due on April 25. The Bank has set a minimum price of £97 which gives an indicative gross yield to redemption of 9.17 per cent.

Unlike many past issues of stock this is not free of tax for foreigners – a sign that in the current climate of currency uncertainty the Bank does not want to give an advantage to foreign buyers of sterling assets.

Kinnock criticises row over coal imports

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

MR NEIL KINNOCK, Labour Party leader, yesterday used the continuing quarrel between British Coal and the South of Scotland Electricity Board as an opportunity for a strong attack on the Government's privatisation policy.

He told the annual conference of the Labour Party in Scotland at Perth that the SSEB – which is refusing to take coal from British Coal because it says its prices are too high – was "short-sighted, motivated by short-term interests and was short-changing the Scottish people."

If the SSEB or any other boards shifted to dependence on foreign coal it would "assassinate an industry and cause social carnage for whole communities."

It was rubbish for the Government to pretend that it was a mere spectator in the dispute, he said. The Government's sponsorship of privatisation was causing the SSEB to buy foreign coal, and the board was complying with this policy in a "supine" way.

Mr Kinnock quoted Mrs Margaret Thatcher's justification of privatisation as "selling the silver back to the family."

"We have to ask: 'Why should the national family have to buy back what it already owns?'"

Scotland is one of the strongest bastions of Labour – 50 of the 72 Scottish MPs are Labour – and is an area of solidly left-wing but rarely extreme views.

In an hour-long speech, much of which was heard in silence, Mr Kinnock made only one fleeting reference to the review of policy which the national party is carrying out.

He also avoided the controversy dividing the Scottish party over ways in which Labour should oppose the community charge, or poll tax.

On a visit to Scotland in January, Mr Kinnock said that any campaign that encouraged illegal means – such as non-payment of the tax – would play into the hands of the Conservatives. But some sections of the party in Scotland have refused to accept that line and the issue is to be debated by the conference today.

Yesterday Mr Kinnock confined himself to a spirited attack on the poll tax. The proposal amounted to telling people that they did not deserve to be represented if they did not pay the tax, he said.

Neil Kinnock: poll tax controversy avoided

Government claims that electoral rolls would not be used for compiling the poll tax register were untrue. Would council officials who were snooping around looking for poll tax evaders "never once think of going back to the town hall and looking up the electoral register?"

UK NEWS — EMPLOYMENT

King's Cross trains to run normally after union move

BY JIMMY BURNS, LABOUR STAFF

BRITISH RAIL expects trains to and from London's King's Cross station to be running normally on Monday after officials of the local branch of Aslef, the train drivers' union, decided to abide by a High Court order and withdrew instructions to members to strike.

Notices telling members to work normally were issued by the six Aslef officials who originally issued the call for a 24-hour strike in support of the health workers' day of action on Monday.

The decision by local train drivers' leaders to abide by the court order is a further boost for the Government's labour legislation, which makes difficult sympathetic industrial action by one group of employees in support of another.

National union leaders had been urging drivers at King's Cross to work normally. The drivers' move followed a branch meeting yesterday morning called by officials to test the mood of the membership.

Earlier, the 350 drivers at King's Cross were sent letters by BR's local management warning them they would be dismissed if they went ahead with a strike that threatened to disrupt the journeys of 15,000 commuters and 20,000 intercity passengers.

On Thursday, BR won a High Court order instructing the six named officials to withdraw their strike "forthwith" and to refrain from issuing any further strike calls while the injunction was in place.

An injunction was granted on the grounds that the branch did not have a primary trade dispute with the corporation, and that the threatened strike amounted to illegal "secondary action" as defined by employment legislation.

Cohse, the health workers' union, claimed that support was growing from its own members and other unions for its eve-of-Budget day of action on Monday.

London Transport said yesterday that some London bus drivers were considering stopping for two hours on Monday in support of health workers although the action has not been called by their union.

TGWU fails to gain members

BY PHILIP BASSETT, LABOUR EDITOR

MEMBERSHIP of the TGWU transport union has not increased as union officials had hoped. As a result, the union has still to record its first overall increase in membership since the Conservative Government took office.

Figures put this week before the quarterly meeting of the union's general executive council showed a lower than expected membership total.

TGWU officials had hoped that membership figures for the end of December would show the union's first increase since 1979 when, in common with other unions, TGWU membership started to decline sharply. Membership then stood at more than 2m.

The figures for the quarter to the end of December showed overall union membership standing at 1,348,712 – not an increase on the September figure of 1,354,811 but a further drop – this time of 6,099.

While this is lower than previous quarterly falls recently, it is still sizeable and considerably greater than the quarterly decrease of 3,317 in the quarter to the end of September.

Mr Ron Todd, TGWU general secretary, said in spite of the decrease, the figures to the end of December reflected considerable organising and recruitment work.

However, the lack of a quarterly increase is a blow to the union leadership's hopes for the success of its Link Up and other recruitment campaigns, especially among temporary and part-time workers.

It is also a setback for union leaders who have been arguing that the forecast slowing down in the membership decline indicates improving health in British unions.

IT 'still hampered by skills shortage'

BRITAIN'S potential in information technology is still hampered by a shortage of suitably qualified manpower, writes Alan Cane.

The UK is short of just more than 19,000 people with skills in information technology, according to a report published yesterday by the National Computing Centre.

Based on replies to questionnaires completed by more than 700 data processing executives and detailed discussions with British Aerospace, Ciba-Geigy, Littlewoods and Rolls-Royce, the report estimates there will be a requirement for a further 35,000 IT staff in the next two years and 51,100 in the next five years.

The authors, Mr Bernard Buckroyd and Mr Dominic Cornford, believe their figures underestimate the size of the shortage.

The report identifies a net loss of people with IT skills of about 5,400 a year, suggesting that the real demand is more likely to be between 82,000 and 101,000 in the next five years.

The report says the turnover of professional systems staff is running at an average of 16 per cent in the UK, varying from 28 per cent a year in London to 8 per cent in Northern Ireland.

The IT Skills Crisis - The Way Ahead. National Computing Centre, Oxford Road, Manchester M1 7ED. £45.

Bristol dockers to strike on Monday

By Jimmy Burns

DOCKERS in the port of Bristol, Britain's largest municipal port, are to stage a half-day strike on Monday in what could be one of the biggest actions staged by a non-health union in support of the rolling programme of union protests over the health service.

Mr John Bees, regional chairman of TGWU transport union shop stewards representing the dockers, said yesterday: "My men are disgusted that the Government is contemplating tax cuts when the same amount of money should instead be *pumped into* the health service."

He said the decision was taken spontaneously at a local mass meeting last Monday and without reference to any call from the union leadership. Up to 500 dockers could be involved.

The decision drew an angry response yesterday from some *employers in the port sector*. They said privately that the proposed strike could be construed as secondary action and therefore unlawful.

Meanwhile, Mr Nicholas Finney, director of the National Association of Port Employers, said: "We had thought that the days when dock workers would stop work in a day of action in support of other workers had finished."

Bristol Port Authority, a public entity controlled by the Labour-led local council, confirmed yesterday that it had received notice in writing five days ago of the threatened strike from the local offices of the TGWU transport union.

It said last night it regretted any inconvenience to its customers which might be caused by the strike, which starts at midday. However, it is understood that as the main employer of the dockers, the authority will not be pursuing legal action similar to that taken by British Rail.

It is understood that one of the main reasons the Authority has decided not to pursue legal action is that it considers such a move would undermine a relatively good industrial relations record at the port.

Philip Bassett on Ford's demand for the planned Dundee plant

Sharpening the TUC debate over single-union deals

JUST WHEN the TUC has finally framed proposals aimed at dealing with the long-running problem for Britain's unions of single-union agreements, its worst nightmare has suddenly materialised. It has to find a solution not to a theoretical difficulty over single unionism but to a particularly acute actual example - Ford's projected plant in Dundee - or see the plant in question whistled away to be sited elsewhere in Europe.

Ford of America message to the TUC is stark - resolve your inter-union differences over the Dundee plant or see a planned investment of £40m cancelled.

This has sharpened the single-union debate. Employers setting up new plants in Britain want only one union, if they want a union at all. The TUC is recognising the force of this employer pressure: "Insofar as employers with 'traditional,' multi-union bargaining arrangements perceive that they are at a competitive disadvantage in comparison with single-union or non-union competitors, these pressures on union organisation are likely to grow."

So says the draft first report of the TUC's special review body, which has been looking at the problems for unions of single-*union and strike-free deals.*

The report, to be considered by the review body next month, says that single-union deals are not always all bad. For unions, "in practice, there are advantages in recognising that it can often make organising sense to have the entire workforce of an industrial unit within one union and (perhaps) one bargaining group."

That may be so. The proposals before the review body for regulating single-unionism – in effect, running so-called beauty contests of unions competing with each other in front of the TUC rather than the employer – might, if agreed and implemented, make managing single-union deals easier for the unions.

But the TUC's view, and its new mechanism, are for the future. The Ford Dundee case will have to be dealt with under the TUC's current procedure, which is much less sophisticated.

Ford of America has agreed for its proposed Dundee electronics plant a single-union deal with the AEU engineering union in circumstances which have been questioned by many other unions such as the TGWU transport workers and the MSF general technical union.

These two unions are recognised at Ford UK's plants and argue that, in signing a single-union deal for Dundee, the AEU has breached the TUC's Bridlington principles which govern TUC inter-union relations in the UK.

Unions – *all* unions – have been signing single-union deals for years, but the issue came to a head when in 1984 the electricians signed a deal with the Japanese Hitachi company for its South Wales plant.

The following year, the annual TUC Congress stiffened considerably its Bridlington principle – sticking its finger in the dyke of single-unionism and hoping that would be enough to staunch the flow.

Inevitably, it has not been – as the proposals for the review body show. Since the Bridlington change, virtually every single-union deal signed has been trouble.

Virtually every one has been complained about by the losing unions; virtually every one has had to go to the TUC for adjudication; virtually every complaint has been a long, drawn-out process, in some cases taking more than a year.

Ford of America is insisting that if the unions cannot reach agreement over Dundee within a *month to six weeks, all bets are* off. The company is in effect making clear privately to the TUC that any outcome other than a legitimisation of the AEU deal will also be unacceptable.

AEU officials are confident the TUC's disputes committee can seriously come to no other conclusion.

So the TUC is suddenly faced with the key factor which has lurked behind all its anguished deliberations on strike-free and single-union deals – employer push, about which it can do little but respond.

This is even more so if, as in this case, the employer holds all the cards in the shape of the inward investment and the jobs that go with it.

In theory, the TUC's position is clear. An internal policy paper on the Bridlington change in 1985 loftily acknowledged that the hardening-up could "lead to a defiance of an ultimatum by an employer that a single-union agreement is necessary to avoid a possible closure of a plant." Fine in theory, but the prospect of bidding farewell to 450 jobs in work-hungry Scotland may well be one which the TUC might in practice find hard to stomach.

APPOINTMENTS

Brent Walker managing director

THE BRENT WALKER GROUP has appointed Mr John Brackenbury as group managing director. He was managing director of All Weather Sports, of which he was a founder director, as well as being a founder director of its subsidiary Happy Eater. Prior to that he was for 18 years in senior management posts with International Distillers and Vintners. While Mr Brackenbury will be responsible for the day-to-day running of the company, Mr George Walker, chairman and *chief* executive, will remain responsible for the group's development and acquisitions.

★

ELLINGER HEATH WESTERN & CO., insurance brokers, has appointed Mr Nicholas J. Graham, Mr Larry P. Tucker and Mr Steven W. Taylor as partners.

★

Ms Kazia Kantor is to join DAVIDSON PEARCE as group finance director in succession to Mr Dennis Mady who retires at the end of March. On her appointment she will join the board of Davidson Pearce group. She joins from HMV Group where she was finance director. She is a non-executive director of the British Railways board.

★

Mr John Cross has been appointed marketing director at MITEL TELECOM. He was marketing manager at GEC Reliance.

★

Mr Dave Curtis has been appointed sales and marketing director for PLATON INSTRUMENTATION, Basingstoke. He was divisional manager of the instrumentation division of Satt Control (UK).

★

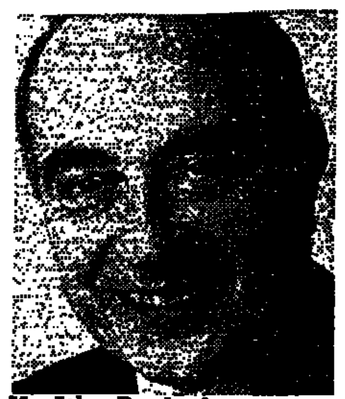
APPLIED ENERGY SYSTEMS has appointed Mr R.A. Wheadon as chief executive. He was director and general manager of HML, an aircraft ground power division of Anglo Nordic.

★

Mr Michael Hoffman is to join the board of COSWORTH ENGINEERING as a non-executive *director. He is chief executive of* Airship Industries and before that was chief executive of Babcock International.

★

ALEXANDER HOWDEN, wholesale insurance broking subsidiary of Alexander Howden Group, has appointed the following to the board: Mr Ian R. Flack, Mr John W. Hanna, and Mr Oliver C. Prior.



Mr John Brackenbury, group managing *director*, *Brent* Walker Group

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Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
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The return to fine-tuning

IT HAS LONG been believed that the gurus of the Thatcher Government are Friedrich Hayek and Milton Friedman, but both would agree that clear rules are needed not only to guide government but to inform the public of what guides government. Are there any rules governing British macro-economic policy?

It appears that it is not Friedman and Hayek who are the intellectual powers behind the ministerial throne, but Ralph Waldo Emerson. "A foolish consistency," he wrote, "is the hobgoblin of little minds, adored by little statesmen and philosophers and divines. With consistency a great soul has simply nothing to do." The Prime Minister is hardly a "little statesman" and the Chancellor of the Exchequer does not have a "little mind." So consistency can hardly be expected and in the last week it has not been shown.

In an interview with the Financial Times last autumn, Mrs Thatcher rejected too close a link with the D-Mark on the grounds that such a link would be deflationary. Yet she has now welcomed a deflationary appreciation against the D-Mark.

Long fight

The Chancellor has never committed himself to any specific exchange rate target, but he did sanction a long fight to keep the rate below DM3. Since what Government does is usually a better indication of its thinking than what it says, that effort was surely as revealing as mere words would have been.

Furthermore, what happened prior to the decision to uncap sterling could not have been a surprise. If one establishes a narrow band for a currency and yet maintains higher rates of interest than in the currency to which one is linked, a capital inflow is virtually certain to occur. What is the use of establishing the credibility of a policy when one is prepared to yield to the pressure inevitably created by success?

Instead of pointing out that the pressure was predictable, the Chancellor remarked that what is *being shown is the confidence of* the world in the British Government's management of the economy. If one were to replace the word "British" with "American," one would have precisely the apologia of Mr Donald Regan during the period of dollar appreciation of the early 1980s.

Most important, however, are the continued cross-purposes between the Chancellor and the Prime Minister. The former reiterated his commitment to stability. The latter's doubts about the appropriateness of large-scale intervention or interest rate adjustments in the face of foreign exchange pressures would appear to make this a commitment without a means of achievement.

Maybe the Chancellor will reveal on Tuesday that he has gained a quid pro quo: for example, the abolition of mortgage interest relief or an end to the tax-deductibility of pension contributions. This is unlikely. The key question then is whether a strategy can be detected behind the apparent inconsistencies.

Mr Lawson has turned out to be a remarkably successful fine-tuner of the economy. His fine-tuning differs from the Keynesian fine-tuning of his predecessors in the weight put on unemployment and on monetary versus fiscal policy, but it is fine-tuning all the same.

"The Government's intention is to deliver non-inflationary growth," he might remark in the Budget speech next Tuesday, "the exchange rate being an important indicator, but not the *only one. Last year I tried to cap* the exchange rate in the hope that the growth of the monetary aggregates and nominal demand would abate spontaneously, being aware that financial liberalisation and the decline in inflation have made it difficult to judge the significance of monetary trends. In the event, the extraordinary supply response of the economy in 1987 and the relative quiet on the wages front justified my patience.

Few certainties

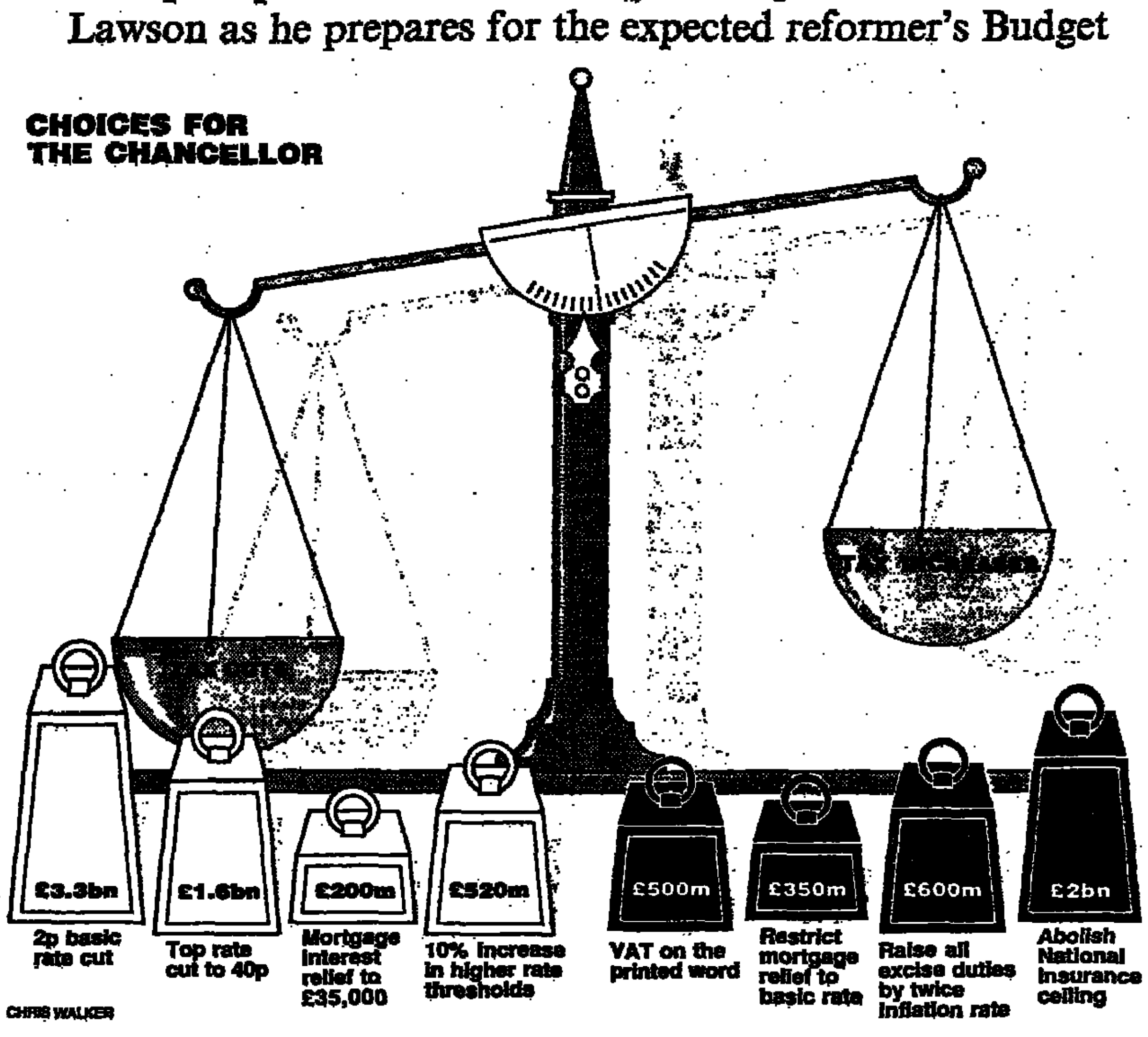
"The stock market crash of October 1987 also persuaded me to postpone action, but the continued rapid growth and upward pressure on the exchange rate allowed me to do so no longer. The modest upward adjustment last week will increase uncertainty in the foreign exchange market. More important, employers have to be reminded how seriously this Government takes the control of inflation."

Would this be an adequate defence? A businessman who concluded from the rise in the exchange rate that a subsequent *fall* would be permitted in response to an inflationary recession would certainly take a risk. Beyond that, there are few certainties.

The Government's lack of tactical consistency renders the environment in which businessmen and workers make their decisions dangerously uncertain. The appreciation could itself prove costly, especially as an overshooting in the exchange rate on the way up is likely, unless interest rates are soon lowered. Most disturbing, all Chancellors are not clever fine-tuners. The failure to introduce a set of clear and consistent rules for macro-economic policy may turn out to be the greatest failing of the present Government. Will Mr Lawson wish to end his Budget speech with "après moi le déluge?"

Philip Stephens examines the options open to Chancellor Lawson as he prepares for the expected reformer's Budget

Day of calculators and steady nerves



BUDGET DAY is traditionally the day for rapid mental arithmetic, but next Tuesday most of us will need a pocket *calculator. Mr Nigel Lawson, the Chancellor,* is promising much more than the odd penny off the basic rate of tax balanced by 10p or so in extra duty on a bottle of Scotch or a packet of cigarettes.

Through the mists of the Treasury's pre-Budget purdah, we are told that his battered Red Box will contain a package of radical, reforming, tax cuts. They will include the most wide-ranging changes since the present Government's first budget in 1979 – do not be surprised if official hyperbole translates that into "the most significant in a generation."

Mr Lawson has both the money and the political opportunity to be radical. If his already thin reputation as a tax reformer is not to evaporate, he cannot afford to be dull. That does not mean that there are no constraints. Electoral promises not to extend value-added tax in sensitive areas like fuel and food, and the Prime Minister's affection for allowances like mortgage interest relief set some limits.

More mundane considerations such as the pace of Inland Revenue computerisation mean that promises of future action rather than immediate changes *will loom large in areas such as the tax* treatment of husbands and wives.

The economic background, though favourable in the short-term, also *points to a note of caution in the size of* the overall tax "giveaway." Despite its public disavowals, the Treasury is concerned about the rapid deterioration in Britain's trade balance. The surge last week in sterling's value after Mrs Thatcher took control of exchange rate policy has damaged industry's competitiveness and strengthened the case for fiscal caution.

A massive "giveaway" would lead to a surge in imports and risk pushing the economy into inflationary overheating. "Radical but prudent" will therefore be the message from the Treasury's press office on Tuesday afternoon. The parameters, however, still leave plenty of scope for change and the gift-wrapping will be generous.

Guessing what Mr Lawson might do is a hazardous business, but one or two things have slipped though the Treasury's elaborate security. Public finances are even healthier than generally realised. Senior Treasury officials are confident that the Budget will be well-received by financial markets. The perception that the recent rush of funds into sterling would probably continue

If the Chancellor's already thin reputation as a tax reformer is not to evaporate, he cannot afford to be dull

after Tuesday contributed to the decision last week to abandon the pound's previous DM3 ceiling.

The consensus among independent economists is that Mr Lawson can combine tax cuts costing between £2.5bn and £3bn with a projection that the Public Sector Borrowing Requirement next year will show a surplus of £1bn to £2bn. The whispers in Whitehall suggest that both figures could be significantly higher.

The scale of changes in income tax will be greater than the net "giveaway" suggests. Mr Lawson will be seeking to recoup with one hand at least some of *what he hands out with the other.* Smokers, for example, can expect a hefty fiscal incentive to pay more regard to their health. Cuts in tax rates will be balanced in part by reductions in the value of allowances and perks. Those with company cars are one obvious target, as may be the media stars and others getting £85m-a-year in tax breaks for planting conifers in Scotland.

The main focus on Tuesday will be on the structure of personal income tax. Mr Lawson wants lower rates and a simplified structure to replace the present six bands ranging from the basic 27p in the pound to the highest 60p. A 25p basic rate has long been promised and the question now is only whether Mr Lawson moves in one or two stages from the present 27p. Though a two-stage move is possible, the general feeling in Whitehall is that anything less than an immediate move to 25p would look timid.

It is in restructuring the top rates of tax – paid by about 1.2m people, or 5 per cent of taxpayers – that the Chancellor will aim to look daring. The 140,000 high-income earners paying the 60p top rate will get the biggest cash handout. The perception that Britain's highest rates are out of line with most other industrial countries is largely a myth, but the Government appears beguiled by the US decision to slash its top rate to just over 30 per cent. And the first budget of a new parliament is the time for a Conservative Government to make concessions to the rich.

The simplest, and cheapest move would be to cut the top rate to 50p, abolishing the 55p band in the process. Along with increases in the thresholds for the 40 per cent and 45 per cent bands – to ensure that not only those on the highest incomes benefit – the cost would be around £1bn.

Mr Lawson, however, is expected to be more ambitious. The introduction of a three-rate structure of 25p, 35p, and 45p is among the ideas he has been considering. Yet more radical would be a two-rate system, with a basic rate of 25p and a top rate of 35p or 40p. The gross cost of either package would depend crucially on where the thresholds for the new higher rates were fixed. But overall it would probably be £6bn or more.

That, and the Government's sensitivity to the charge of planning a "Budget for the rich" at a time of cash shortages in the National Health Service, would mean balancing lower tax rates with a squeeze on allowances. The most logical way to claw cash back – about £2bn in a full year – would be to abolish the ceiling on employees' National Insurance Contributions. At present these are levied only on the first £15,340 of income. That leaves a costly and illogical dip in the effective tax rate (income tax plus NI contributions) of those with earnings above the ceiling.

Professor Mervyn King, of the London School of Economics, has shown how sharp cuts in the higher tax rates and removal of the NI ceiling could be combined with a single 25p tax rate on interest and dividends. That would greatly simplify the tax system and eliminate distortions caused by the different treatment of various forms of savings.

There are obstacles, however, to the ceiling's removal. Mrs Thatcher has so far been reluctant to abandon the fiction that NI contributions are not a tax but rather payments into a social insurance fund. Such a move would also create hundreds of thousands of "losers" among people whose incomes are above the NI ceiling but below the threshold for higher rate income tax. Losses for some individuals would run in hundreds of pounds a year and it would be difficult to compensate them by tax cuts elsewhere.

If Mr Lawson is not prepared to risk the potential political backlash, there are other ways to recoup revenue, and to introduce a little more coherence into the tax system. The most obvious is to restrict tax allowances to the basic rate of tax. The nearly 1m higher-rate taxpayers with mortgages, for example, would win little sympathy if lower top rates were balanced by a move to limit mortgage interest relief to the basic rate, raising about £300m in extra revenues.

If the Chancellor opts for a really dramatic reduction in the top rate, he could also restrict the standard personal allowances to the basic rate. Under the present structure that would bring in extra revenue of £1.75bn, although that figure would be considerably less with a lower top rate.

He is not short of other ways to raise cash. Last year, with his eye on the general election, he froze the duties on alcohol, cigarettes and petrol. This year he may try to recoup some of the loss by raising them by significantly more than the inflation rate. The extra revenues are not insignificant. Each 10p on 20 cigarettes, for example brings in £250m and, if all duties were raised by twice the inflation rate, the Treasury would be around £660m better off.

A modest extension of VAT (within the Prime Minister's guidelines) is also possible as long as Mr Lawson is prepared to shrug off the charge that he has bowed to the European Community's bureaucrats in Brussels. The end of VAT zero-rating on books, magazines and newspapers would boost revenues by £500m. A similar move on new commercial construction would raise £300m.

There are, of course, one or two areas where Mr Lawson will be under pressure to spend money. It is an open secret that Mrs Thatcher would like to see an increase in the £30,000 ceiling for mortgage interest relief. The Chancellor has resisted such pressure in the past but an increase to £35,000 on Tuesday for the 8½m taxpayers with mortgages has been widely canvassed. The initial cost would be nearly £200m.

He has also faced intense lobbying to give additional tax concessions to Personal Equity Plans (PEPs). Aimed at boosting share ownership, PEPs have proved one of the notable flops of Mr Lawson's earlier Budgets. Similarly, the continued imposition of Capital Gains Tax on assets bought before 1982 has proved a constant source of irritation in the Conservative heartlands, particularly the south-east. In the Government's own terms there is little rationale for any tax on such long-term gains.

One key area – the tax treatment of husbands and wives – in which Mr Lawson will seek to burnish his image as a reforming Chancellor will cost him very little in the coming financial year. The Government is committed to ending the anachronistic and sexist aggregation of married women's income with that of their husbands and to move to a system of separate assessment.

The Chancellor has rejected the most radical option of introducing totally independent taxation of married couples. He has also dropped his initial plan to replace the present married man's allowance with two equal and transferable allowances for each spouse. What is left is a proposal to separate the tax assessment of husbands and wives and provide partial transferability of their allowances. Such a plan would allow non-working wives to transfer initially around one-quarter of their personal allowances to

The main focus will be on the structure of personal income tax. Mr Lawson wants lower rates and a simplified structure

their husbands at an eventual cost of £1.2bn. Mr Lawson has called this a "half-way house" and the intricacies of Inland Revenue computerisation dictate that it could not be introduced immediately. But that will not stop the Chancellor claiming that he is embarking on the most major reform for decades.

In the meantime he can court favour with defenders of the family in Conservative constituencies by announcing that in future unmarried couples or other sharers will be allowed only one allowance for mortgage interest relief. Some 500,000 people currently benefit from two or more allowances at a cost to the Treasury of £25m a year.

To find out which of the more serious options Mr Lawson finally selects we must wait until Tuesday. But it is clear that it will be his political nerve, rather than lack of cash or time, which determines just how radical he is.

Man in the News

Rev Jesse Jackson

The long, difficult journey to political maturity

By Stewart Fleming

"TO ME," says Congressman John Lewis, the black civil rights leader who led the March to Selma, Alabama, 23 years ago, "it is unbelievable to see the distance we have come. Even if he *does not win the nomination, he* is opening the door for some black man or woman to step into the White House."

The "he" *in that sentence* is the Rev Jesse Jackson. And the question of whether he can be more than a pathfinder for a more conventional black politician brings into sharp focus all the doubts about his lack of experience as an elected official and his addiction to the glare of publicity.

On Tuesday, the campaign, which has been gathering strength since the first trial of strength in Iowa's caucuses, soared beyond the expectations of even the most ardent supporters of the former civil rights leader.

Of the votes cast in the 20 "Super Tuesday" Democratic primaries and caucuses, Mr Jackson – with rock-solid black support – won 27 per cent, three percentage points fewer than Governor Michael Dukakis, the current front-runner for the party's nomination, and the same as Senator Albert Gore from Tennessee. As a result, he collected an estimated 368 delegates, only 19 fewer than Governor Dukakis, but 43 more than Mr Gore.

Given the probability that he will continue to garner an impressive share of the vote in northern and midwestern industrial states, this is a big enough base to ensure that he will play a central role in shaping the Democratic Party's identity in the minds of the electorate in the rest of the year.

If, as seems likely, no Democrat finishes the campaign with the 2,082 delegates needed to win the nomination, Mr Jackson's voice could even be decisive in deciding who the nominee will be. Beyond that, he has demon*strated the ability to mobilise a* key constituency: the black voters in southern states who were instrumental in helping the Democrats gain control of the Senate in 1986.

But will the powerful position he now seems destined to occupy this year help to reduce racial tensions in the United States, or could it increase them? Will his candidacy help the Democratic Party or divide and weaken it?

When he ran a politically reckless campaign for the Presidency in 1984, there were genuine concerns that he was damaging the party he claimed to be working for. But today as they look at the style of his candidacy, his carefully nurtured position as a peacemaker among the rival candidates and the decision he has taken to work within the party *and not, as he did then, to challenge it*, many influential Democrats are warily concluding that he may be less of a threat, perhaps even a positive force.

This time he has, for example, avoided alienating important Democratic party constituencies such as Jewish voters – although Jews have not forgotten his meetings with Yasser Arafat, the PLO leader, and his description of New York as "Hymietown".

He is also succeeding in reaching out beyond the black and minority base which he built in 1984, although polls suggest that the 5 to 10 per cent of white votes he has been picking up come mainly from white liberals.

That he has stirred the liberal conscience is testimony to the flawless campaign he has conducted and to his unparalleled skills as an orator. Drawing on his experience as the deprived *child of an unmarried teenage* mother growing up in the segregated South separated from his natural father, he is able to voice the frustrations of the disadvantaged, black and white, as no other politician in America today can.

"Most poor people are not on welfare . . . they work every day. And when they get through working they are still in poverty. The challenge *is* not to motivate people with workfare but to pay them for what they are already doing. It is almost contemptuous to assume that poor people need motivation to work.

"You'd have to motivate the rich people *to drive* cabs; you'd have to motivate the rich people to clean out bathrooms; you'd have to motivate the rich people to change the clothes of those who are fevered or sick and empty their bedpans."

This message has been so powerful that, imitation being the sincerest form of flattery, his rivals Congressman Richard Gephardt and now, it seems, Senator Gore, have borrowed some of the populist tone of his electoral pitch.

They have both, however, been *careful to avoid* adopting positions as far to the left of the political mainstream as Mr Jackson, such as his policy of soaking *the rich and slashing the defence* budget.

But there are doubts about how Mr Jackson will use the *power he is now accumulating.* He has been accused of unashamedly satisfying his ego and his ambition at the expense of those around him. Others present at the assassination of Rev Martin Luther King in Memphis in 1968 have angrily denounced him for ruthlessly exploiting the tragedy in order to increase his stature in the black community by falsely claiming the next day on television to have cradled the dying leader in his arms.

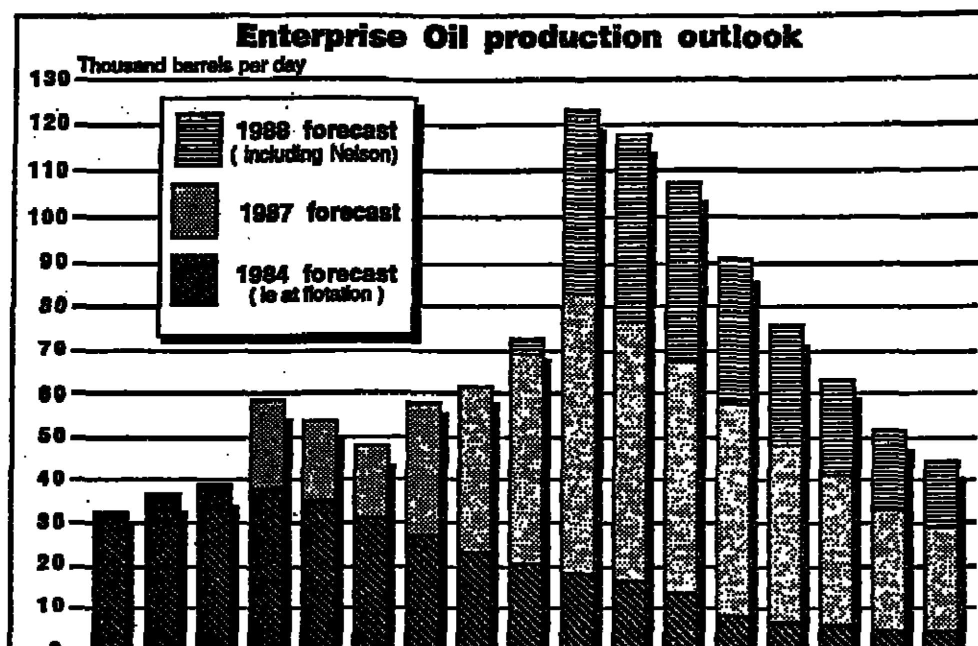
Some American columnists have argued that were he not a black candidate he would have suffered a much harsher investigation of his past, particularly his management of the Operation Push civil rights organisation he led *in Chicago, which* was the subject of a Federal investigation into its finances.

At the Democrats' convention in San Francisco four years ago, Mr Jackson, in an emotional speech, ended by saying "God hasn't finished with me yet." Today he is *seen* as a man *who* has indeed matured as a politician. But that maturity is likely to be tested in the months ahead. *The temptation* to use his growing influence to try to dominate the public stage will increase and he is likely to find the press *examining his* record and *his* views more rigorously.

Beyond that, he will now have to exert the power he is accumulating with great subtlety if he is to win the trust of his party without losing the confidence of his downtrodden supporters. Will he have the patience to meet that challenge?

Steven Butler reports on the dramatic rise of a UK oil independent

Hitting the North Sea jackpot



BRITAIN'S independent oil companies this week received a much needed boost to morale after months in which real and rumoured takeover attempts appeared to put the entire sector in danger of extinction.

The tonic came in the form of a big discovery of oil in the North Sea by Enterprise Oil. Its significance runs far beyond the 175m or so barrels added to Britain's oil reserves. The Nelson discovery, as Enterprise calls it, shows more clearly than ever that a relatively small oil exploration and production company, hungry for growth and willing to take a chance, can exploit opportunities that others pass by.

The discovery puts Enterprise into a different league in the oil world. The company had already attracted much attention because of its skill as a deal maker. Since privatisation in 1984, it has climbed from 24th place to fifth in terms of the size of its net holdings of North Sea acreage. When BP acquired Britoil last month, Enterprise became the largest UK independent oil company.

Now, with the Nelson discovery, it stands to become the operator of a producing oil field for the first time. From its substantial reserve base in the North Sea, it is poised to spread its wings internationally.

The story of the find could have been taken straight from a Hollywood B movie. Enterprise acquired an initial 30 per cent interest in the field in 1986, when the company took on a commitment to shoulder exploration expenses in exchange for an interest in the field. Once on the block, it had access to detailed, three-dimensional seismic studies of the area, prepared by Shell three years ago.

When Enterprise's geologists looked at the studies they saw a huge reservoir of oil. Their partners in the field, Britoil, Conoco, and Chevron, did not agree, however, and voted down Enterprise's proposals to drill on the licence block.

The area had been licensed since 1965 and an exploration well drilled in 1967 found only oil shale, not the sands needed to trap high quality, easily recoverable oil. As Mr Graham Hearne, chief executive of Enterprise, puts it: "If you drill a dry hole in this business, it is an awful stopper."

But Enterprise remained confident of its geological assessment. In part, this came from its participation in the Alba field, where a sizeable oil reservoir was discovered by accident at a relatively shallow depth under the North Sea. Until then, significant quantities had been discovered only in the deeper, sedimentary layers.

Knowledge of the Alba field helped Enterprise to interpret the seismic data from Nelson. Unlike its partners, it was a participant in both the Forties and Montrose fields which lie on either side of Nelson. "We got to know the geology perfectly," says Mr Hearne.

Enterprise was convinced that the early exploration well was drilled in the wrong place. It approached each of its partners to ask if they would trade their stakes for parts of its portfolio of production and exploration acreage in other fields.

In early December, Enterprise astounded its former partners, and the rest of the oil community, with the announcement that it had ammassed a 100 per cent interest in Nelson. No one in the oil industry can recall a previous instance of a small independent tossing so many eggs into one basket.

Within two weeks, Enterprise had brought the Dundee Kingsnorth out of mothballs and begun drilling. Core samples removed from a first test well in mid-January seemed to confirm Enterprise's theory of the subsea geology, but as the drill went deeper, the oil seemed to give out.

The possibility loomed that Enterprise had made a huge error of judgment. Electronic tests were more encouraging, but only a flow test on the well could confirm whether a substantial discovery had been made.

The sighting of a flare on the drilling rig on March 3, after weeks of rumours about a big find, again pushed up Enterprise shares. But before Enterprise could complete the test, a storm forced it to pull its gear out of the hole.

Last Sunday, the sea was calm enough for Enterprise to restart. Early on Monday morning it was finally able to tell the world what it found.

In a single stroke, Enterprise replaced all the oil it has pumped out of the ground in its four years of corporate life, and by the middle of the next decade it will be producing more than 100,000 barrels a day.

This is a remarkable success story for a company that was cobbled together by the Department of Energy after a struggle to wrest away the oil producing assets of British Gas. Enterprise was rudely dumped on to the market when oil price weakness guaranteed failure of the issue. Its effective independence was nearly lost to a hungry Rio Tinto-Zinc, the mining group, which tried unsuccessfully to take 49 per cent of the issue off the underwriters' hands.

Enterprise began life with a sizeable portfolio of producing assets. But they were set to decline rapidly, and the company had no exploration acreage with which to replace reserves.

"I did not have to agonise about developing strategy," says Mr Hearne, "it was obvious." Strategy consisted of buying, trading and drilling to secure a future for the company. A stream of smaller deals is still flowing and the company put on considerable weight when it took over Saxon Oil and later exchanged 25 per cent of its share capital for the oil and gas interests of ICI, the UK chemicals group.

Its market capitalisation is now approaching £1bn. In addition to working the acquired acreage, it is looking at exploration prospects in Africa and the Far East, now that its North Sea backyard is in good shape.

Continued weakness in oil prices, of course, could hinder that activity, but it could also create opportunities for Enterprise to exploit. The company has taken care to put in place long lines of finance, which could carry it through a prolonged weakness in cash flow.

None the less, Enterprise's survival as an independent company cannot be assured. RTZ has a grip on the company through its near 30 per cent holding of Lasmo, which in turn owns 25 per cent of Enterprise. And although ICI, with its 25 per cent stake, must be seen as a long-term holder, it would obviously have to take an attractive offer seriously.

"We realise that we are potentially vulnerable," says Mr Hearne. "That is why we are anxious to perform."

He believes that Enterprise should be allowed to remain independent, not only for the sake of shareholders and the City, but also for the industry as a whole. "Any industry that has just half a dozen big players loses something. It is diversity that provokes new ideas, that gets activities going, that gives choice to investors," he says.

With the Nelson discovery behind it, Enterprise appears to offer proof that this is true.

Predators are stalking Britain's oldest unit trust company, writes **Nikki Tait**

M&G: rattled, but rolling

TWO WEEKS ago, Alan Bond, the Perivale schoolboy who became an Australian millionaire, headed for the Tower of London. In its shadow, on the third floor of an unassuming Thames-side office block, he found M&G.

M&G is Britain's largest unit trust group, managing some £5bn on behalf of more than 250,000 small investors. It is also Mr Bond's latest UK stock market investment. By all accounts, the hour-long meeting between this respected City institution and its flamboyant new shareholder was cordial. But it left the unit trust men uneasy.

"We listened," says Paddy Linaker, M&G's managing director, with an air of wary patience. "He told us he has no plans to take over the company. But he also said he wished to get closer and larger."

Mr Bond has been as good as his word; last week, he picked up a further 700,000 shares, taking his stake to 9.23 per cent. But Mr Linaker's headaches do not end there.

Just over 5 per cent of M&G's shares are also in the hands of Lord Steven's rival fund management group, Britannia Arrow, while Daily Mirror publisher Robert Maxwell and New Zealand financier Sir Ron Brierley lurk in the register with around 1 per cent each. It is a formidable list of names – and it leaves almost one fifth of M&G's shares in what the City politely terms "unstable" hands.

The sight of predators circling a financial services group is no longer remarkable. That M&G, the most outspoken and independently-minded of City institutions, should fall victim is a cruel irony, raising questions which go beyond the fate of the group itself.

M&G is not only the largest unit trust company – a position it recaptured in 1984 – but it is also the oldest, having launched Britain's first unit trust in 1931. Today, it manages 27 unit trusts worth almost £3.5bn, and has approximately 360,000 unit holder accounts. These, in turn, represent perhaps 250,000 unit holders, many of them small investors.

Market share within the unit trust industry has fallen as the large insurance companies have muscled in, but M&G still accounts for about 8.5 per cent. On top of that, there are its unit-linked life assurance and expanding pension products.

For years, its independence looked unassailable. By the late 1970s, almost 70 per cent of its stock was in the hands of two shareholders: Kleinwort Benson, one of Britain's largest merchant banks, and the Esmee Fairbairn Charitable Trust, which was set up more than 20 years ago by Ian Fairbairn, a former chairman of M&G.

There were difficulties in 1980 in the shape of a £7m tax bill. Kleinwort offered £5m in support and won the right to raise its stake to 51 per cent. But after ferocious pleas for independence from Mr Linaker's predecessor, the rumbustious David Hopkinson, the bankers' holding merely nudged ahead to 42.5 per cent.

Then, 16 months ago, as the cost of Big Bang and worries over conflicting interests grew, Kleinwort Benson decided to realise its investment. The bulk of the shares were disposed of through an offer for sale, and the remainder trickled out later through the market. M&G's problems had begun.

Mr Linaker is a pragmatic man, and accepts the inevitability of Kleinwort's action. But, although he treads more softly than Mr Hopkinson, his 25 years with M&G have left him no less deeply ingrained with the group philosophy.

"We're a single-minded group managing other people's money," he says. "We do one thing and we do it well. As part of a large group we would just be watered-down."

M&G's single-mindedness cannot be questioned. A few "peripheral services" have been tacked on to the unit trust business – such as a high interest cheque account and, this month, an endowment mortgage scheme. But of the group's £23m pre-tax profit in 1986-87, unit trust operations brought in £17m. All advances during the Big Bang marriage whirl were politely refused; there has been no move to lavish, glass-fronted offices; directors remain on one month's notice.

Nor can M&G be accused of failing to practise with others what it preaches for itself. Its support of incumbent management during takeover battles is legendary. One chairman of a well-known and particularly acquisitive company swears he will never tackle a company where M&G has a declared holding.

A number of companies – including McKechnie and, most recently, Birmid Qualcast – can thank M&G for their survival as independent entities. Sir Ron Brierley's UK expansion plans have twice foundered on M&G opposition, at Molins and at Ocean Transport and Trading.

Despite the departure of David Hopkinson, M&G's opinions on broader City issues remain equally fearless. It spoke out strongly on the potential conflicts of interest which Big Bang raised and has sharply criticised certain aspects of both the new Department of Trade and Industry rules for unit trusts and the Financial Services Act. It is a stout defender of pre-emptive rights, and for the same reason (that existing shareholders' interests are paramount) takes a hard line on leveraged bids.

Some City analysts question whether small investors would really care who ultimately owned their fund management group. But Mr Linaker says he has already received letters from worried unit holders and that financial intermediaries – who, in the absence of a direct salesforce play an important role in selling M&G units - have also expressed concern.

There is also the question of M&G's investments. Much of its policy has been directed towards second-line stocks, where it has – with admirable results – taken long-term and sizeable holdings (hence its importance in takeover battles). Today, there are over 200 companies in which it holds more than 5 per cent.

So how likely is any action? Noises from the Bond Corporation are highly conciliatory. Alan Birchmore, executive director of Bond's UK operations, says that the Australian company understands M&G's wish for independence and "respects that view".

Analysts are more doubtful – sure only that any bidder would need fairly deep pockets and a good deal of skill. "If there was an acrimonious battle, I wonder what a bidder would get?" asks Wayne Gerry at Kleinwort Grieveson. "It's not just the fund managers; at the moment, it would only need half a dozen back office staff to walk out for the business to grind down."

But while M&G may present a stoic face, there is little doubt that it is rattled. The Esmee Fairbairn trustees have already made public expressions of support. This, together with the holdings of directors and staff, suggests that 35 per cent of shares are relatively secure. Nevertheless, M&G's latest letter to intermediaries carried a firm statement of the company's "total commitment" to independence. Mr Linaker has not yet written to unit holders, but that is another possible course of action.

Then there are the shareholders. Contacts are undoubtedly being brushed up; lunches arranged. It is, admits Paddy Linaker, a strange role for this perennial supporter of others' independence to adopt. But, reasonable to the last, he would not wish to grumble too much. "After all," he points out, "The great chairman of ICI comes to see M&G." Now he is prepared to do some visiting himself.

Letters to the Editor

Choose realistic health care

From Mr K.R. Wade.

Sir, As you rightly pointed out in your editorial (March 10), private, insurance-funded, universal health care is simply not an option for the foreseeable future. In a country where there is arguably inadequate capacity to treat existing demand within the acute sector, what chance is there of providing the over-capacity which would be necessary in order to give more than a handful of people a realistic choice?

What we can and should do, is to enable people to choose which district health authority they want to belong to. Having made the choice, just as they do now in choosing their GP, they will have to rely on that authority to arrange their treatment either within its own facilities, or by arrangement with another authority or private-sector contractor. In effect, the health authority would be a "health maintenance organisation" and would receive revenue funding *from central government on a* per-capita Resource Allocation Working Party (RAWP) formula.

Depending on the size of authority, some choice of hospital and consultant might be open to patients for routine treatment, and as the authority would liaise much more closely with GPs, more in the way of out-patient or day-case treatment could be carried out in local health centres.

Because an authority would have a list of all its "customers", it should be able to become much *more responsive to* particular needs. And clients would be free to join another authority, subject to reasonable notice, if they felt unhappy with their existing one.

The significance of my reference to revenue funding is that authorities should be free to manage their affairs on their own, with absolute minimum interference. That includes raising capital for buildings and equipment, and using bank facilities to iron out fluctuations in their income and expenditure accounts. It also includes having full negotiating rights with all employees, including consultants.

Innovations in financing and managing the Health Service need not be the sole preserve of members of the Cabinet. In fact, the only way to get the benefits of private industry into the NHS is to grant independence to the district authorities, treat them equally in the allocation of central funds, and encourage them to compete in providing the best possible standards of health care for their customers.

K.R. Wade,
Eccleston Hall,
Lydiate Lane, Eccleston, Lancs

Loss of tenure will restrict academic achievement

From Mr George McKenzie.

Sir, Yesterday I received a small promotion. In the letter from my university administration, it was noted that the terms and conditions of my employment could be altered as a result of clause 132 of the proposed Education Reform Bill. As a result of my promotion, I would lose the protection of tenure.

There are some rather curious implications of this clause which reveal that British university management and the Government have virtually no understanding of how the market mechanism works. First, the policy of withdrawing tenure from the best academics, those promotable, means that those receiving job security will be the least productive in terms of teaching and research. Second, the loss of tenure renders university employment even less attractive. Such a policy only undermines the long-term growth potential of the British economy. Currently there is a crying need for people with management skills and an understanding of how the economy operates. Attempts are being made throughout the country to establish innovative programmes to satisfy these needs. Yet which individuals would care to work in an organisation where the terms and conditions of employment are actually less attractive than those provided by leading private sector companies?

The only conclusion that can be reached is that the government is intervening in such a way as to bring about an inefficient use of educational resources. Quality will decline.

There is also the separate issue of academic freedom. There will be no safeguards to protect me from dismissal as a result of writing this letter. Are we witnessing another step designed to stifle nonconformist opinion?

George McKenzie,
Director, Centre for International Economics,
The University,
Southampton

Exhibits in provincial museums should be put on show

From Mr G.J. Guckian.

Sir, In her thought-provoking article (Arts page, March 3), Susan Moore highlights many of the problems facing provincial museums with their limited resources.

All too often, exhibits of national and international importance remain practically inaccessible to the general public, who, through taxation, finance the cost of their conservation, examination and presentation.

The production of costly catalogues is a luxury, which provincial museums need not emulate. A catalogue is a hybrid animal which tries to be all things to all people. However admirable it may be for museums to produce a catalogue of the highest academic standards, a separate catalogue, with considerably less detail, will more than meet general public needs.

In this era of greater cost-consciousness, it does not seem unreasonable for academic institutions to be asked to contribute towards the costs of museums which provide their scholars with research facilities, perhaps by an annual fee.

Finally, can our national museums and galleries establish a National Exhibition Centre of *Provincial Exhibits*, possibly on a rotating basis within their own premises, to display on-going temporary provincial exhibitions? Thus, the Muses would go to the people who cannot otherwise go to the Muses.

G.J. Guckian,
34a Windsor Road, N13

Compensate the shareholders too

From Mr Norman Fletcher.

Sir, Birmid Qualcast suggests that companies which are successful in defending takeover bids should be compensated for the costs of their defence.

May I also suggest compensation for shareholders who accept the offer, and who in the expectation of receiving a cheque within 14 days of the bid being declared unconditional, reinvest the funds, only to find themselves overdrawn when the bid lapses after a recount.

Should not the bidder's broker who initiated the error be required to take up any shares at the offer price?

Norman A. Fletcher,
8D Normanton Avenue,
Aigburth, Liverpool

If intended for publication, Letters to the Editor should include, where possible, a day-time telephone number.

Come to the sunny UK

From Mr Michael Meacher MP.

Sir, David Churchill's article "Tourist industry predicts another record year" (March 3) gives an one-sided view of the state of the industry. It ignores the fact that, according to this week's Overseas Travel & Tourism statistics, the industry has moved from a surplus of nearly £1bn in 1978, to a deficit of almost £1bn in 1987.

Whilst I am delighted that more UK citizens are now enjoying foreign holidays than in 1978, we are failing to attract sufficient people to the UK to compensate for the loss of revenue.

The statistics show that the gap between those coming to the UK for holidays and those leaving the UK for foreign holidays has increased 15-fold during the same period.

In the last 10 years the number of UK citizens going abroad for holidays has doubled, but the number of people coming to the UK has increased by less than a quarter.

The fact is that tourism has lost its competitive edge under Mrs Thatcher and if we stand any chance of recovery, she must rethink her high-interest-rate policy.

Michael Meacher,
House of Commons, SW1

Spur to payment

From Mrs Nancy Strang.

Sir, I read with interest the correspondence concerning non-delivery of certificates of shares purchased. In my case, it always appears to be shares where a rights or scrip issue follows, with the problem then of non-registration for these rights.

My brokers tell me they can do nothing until the individuals who owned the shares previously send them on. Am I naive to suggest that, if these individuals are not paid for their sold shares until production of the certificates, these would soon be forthcoming?

Nancy E.P. Strang,
Mains Farm,
Mortimer, Berks

The BES provides valuable opportunities, both for small investors and for small businesses

From Mr Steven Rowe.

Sir, Mr Gordon Brown, the Shadow Treasury Spokesman, is widely reported in the press for his statement condemning the Business Expansion Scheme as "a monumentally cynical venture in tax avoidance by the well-off."

Hard statistics show the reality to be somewhat different. The BES fulfils an important role in funding small and growing businesses and provides an opportunity for a large percentage of the population to invest in the future of the economy – the risks being partially offset by tax incentives.

In the first three years of the Business Expansion Scheme alone (the only years for which up-to-date statistics are currently available):

- 2,192 small businesses raised finance under the BES.
- 60 per cent of these businesses raised capital of under £100,000.
- Over 40 per cent of all BES companies are in manufacturing industry.
- Over 50 per cent of the companies are located outside south-east England.
- Only 30 per cent of people investing in BES paid tax at the top rate.
- Over 20 per cent of people investing in BES paid tax at only the standard rate, and this percentage is growing.

The BES is not a rich man's tax haven. The minimum qualifying investment is £500, which puts it within the reach of many smaller investors – as evidenced by the growing trend of basic-rate tax payers to invest under the scheme. Neither is the BES "money for old rope". Risks are involved – which is why tax incentives are given. Nevertheless, with a well-balanced, well-chosen portfolio, the track record of the industry to date indicates that the investor can expect an excellent return on his investment.

As part of my analysis and appraisal work, I visit and meet a very high percentage of public companies raising finance. I can assure Mr Brown that the majority of these companies are run by very able small businessmen who much appreciate the Government having opened up this new source of venture capital.

Steven Rowe,
Managing Director,
BES Investment Research Ltd,
60 St James's Street, SW1

UK COMPANY NEWS

Trilion has to raise borrowing limit after £5.6m loss

By Clay Harris

Trilion, the financially troubled television production company, has been forced to seek shareholders' approval for a higher borrowing limit after reporting a total loss of nearly £5.6m after tax and extraordinary items.

The loss for the year to September 30 was slightly higher than Trilion forecast on December 23. The results had been delayed from last Friday.

On turnover of £16.88m (£9.58m), Trilion reported trading profit of £702,000 (£43,000) but an exceptional loss of £2.63m (nil) arising from abnormal bad debt provisions, outside broadcast losses and relocation and termination costs.

After a pre-tax loss of £3.18m (£510,000 profit), there was also an extraordinary charge of £2.71m (£59,000) for trading losses, re-organisation costs and write-downs of leasehold improvements. Weighted loss per share was 21p (2.9p earnings).

The deficit reduces Trilion's authorised borrowing limit to £6.3m against the actual £17m outstanding. It is to seek a fixed ceiling of £25m.

Trilion said the problems were non-recurring. Despite uncertainties about the Canary Wharf development, it was "ideally positioned" to benefit from increased demand for independent productions.

GOUGH BROS PURCHASE TAKES LIQUOR STORE TOTAL TO 970

Whitbread becomes the top off-licence owner

BY LISA WOOD

Whitbread, the brewer and retailer, is buying 81 Gough Brothers off-licences from Seagram, the Canadian-based drinks group. The price has not been disclosed but City analysts estimated it between £10m to £12m.

Gough Brothers, located mainly in the south- east, will become part of Whitbread's national Thresher chain and will increase the company's off-licence chain to 970, making it the largest liquor store owner in Britain, according to Whitbread.

Seagram bought Gough Brothers in 1984 from Scottish & Newcastle Breweries for £7.4m. Earlier in the same year Seagram made its first venture into the British off-licence trade with the purchase of 57 Oddbins off-licences.

The strategy was to go into the retail end of the trade as Seagram owns no public houses in the UK unlike its UK drinks competitors. In addition the ownership of an off-licence chain enabled it to do reciprocal deals with other drinks brand owners.

Seagram Distillers, the holding company for Seagram UK, is to keep the Oddbins chain, now grown to 136 outlets. They appeal to a youngish, knowledgeable clientele with a particular interest in wine. Gough Brothers, by comparison, is a more conventional High Street outlet.

Mr Paul Breach, managing director of Seagram UK, said Oddbins was now a profitable and important part of Seagram's UK business. The Gough disposal would enable Seagram to focus its resources on Oddbins. "Because of Oddbins emphasis on premium products such as wine, champagne, port and de-luxe products it fits the Seagram strategy perfectly whereas Gough Brothers has a strong bias towards beer and lager and is therefore of value to a brewery group. It also fits the size of the Thresher chain," he said.

Mr Tim Thwaites, managing director of Whitbread's growing retail division, explained that: "Thresher has been established as a powerful business in the growing specialist off-licence sector. It already makes significant retail profits as well as providing a wide distribution base for our successful brands. Gough Brothers sites fit well with our existing Thresher estate and are predominantly situated in the affluent South East."

The number of specialist off-licences has been mushrooming in the UK since the early 1980s although the sector has come under considerable competitive pressure from the multiple retailers. More than 40 per cent of outlets are controlled by the major brewers who have been consistently acquiring outlets

Major off-licence owners include Allied Lyons with its Victoria wine chain, Grand Metropolitan with Peter Dominic and Roberts and Cooper chains, and Bass with Augustus Barnett.

W German authorities block ICI takeover

By Haig Simonian in Frankfurt and Lisa Wood in London

THE WEST German Federal Cartel Office has blocked Imperial Chemical Industries' plan, announced last October, to take over Norddeutsche Faserwerke, a subsidiary of Veba, the German energy and chemicals conglomerate. The proposal has now been withdrawn.

Norddeutsche Faserwerke, which makes an annual profit of about £1m, produces about 27,000 tonnes of synthetic filament yarns, carpet and textile fibres, and employs some 1,250 people.

ICI said it was very disappointed by the decision. "We had hoped the authorities would have recognised the need for the continued rationalisation of the European fibres industry."

Last year ICI's own worldwide fibres business, with a strong presence in Europe, made a trading profit of £41m – a reduction on the previous year – with the division under tough competitive pressure.

ICI maintained that the acquisition of Norddeutsche Faserwerke would have given it a high quality plant which would have been integrated into its own international fibres business. "We thought it would have been an important strengthening of our European business."

The cartel office objected on the grounds that a takeover would strengthen the existing duopoly in fibre production in Germany. Together, Deutsche ICI and Deutsche Rhodia, the German subsidiary of Rhone-Poulenc, have 75 per cent of the market, while Norddeutsche Faserwerke has 17 per cent.

The cartel office argued that allowing the acquisition would have further stifled competition in domestic fibres and, by reducing the number of independent sources of fibres, would have weakened the international competitiveness of German textile and carpet producers.

Deutsche ICI said that "it was not quite certain from the beginning" whether the cartel authorities would allow the deal.

Neither ICI nor Veba is contesting the decision. ICI maintained that to contest the decision would be lengthy and would not be in the interests of either party.

Improving AE boosts T&N to 73% rise but earnings clipped

BY DAVID WALLER

FUELLED BY a full year's contribution from the former AE companies, T&N, the engineering group formerly known as Turner & Newall, yesterday announced a 73 per cent increase in its 1987 pre-tax profits to £77.3m.

However, earnings per share declined by 2½ per cent to 23.35p. According to chairman Sir Francis Tombs, this was due to a number of factors: litigation costs, a decline in profits from the company's asbestos mine in Zimbabwe, and the effects of the share issue to finance the £278m acquisition of AE and a subsequent rights issue.

Sir Francis said that the former AE companies had been rapidly assimilated into the group and had enjoyed a steady improvement in their operating performance.

Group operating profits doubled to £100.7m, with £41.3m derived from the former AE companies. The figure was flattered by £11.6m after T&N suspended its contributions to various pension funds.

By division, automotive components made £53.6m at the operating level (£19.8m in 1986); engineering and industrial activities made £40.4m (£19.3m). Profits from mining and construction materials declined from £7m to £5.4m.

Total group turnover rose £420.4m to £961.2m – but no separate figure was given for the AE companies.

Asbestos-related disease claims cost a net £3.6m (£1.8m) after exceptional insurance recoveries of £1.5m (£6m). Legal costs on US property damage claims rose from £2.2m to £4.6m, although the chairman said the number of outstanding claims had fallen from 71 to 59 over the year.

An extraordinary credit of £8m arose primarily because of the net profit on the sale of T-Glass Fibres. Borrowings fell from 59 to 21 per cent of shareholders funds.

The final dividend is to be 5.75p (5p) making 8.5p for the year, an increase of 1p

● comment

T&N's contentious bid for AE, clinched in December 1986, was the means by which it finally transformed itself from an asbestos mining and building products company to an engineering conglomerate. Although Sir Francis Tombs, chairman, contends that the combined group is benefitting from reduced costs and increased clout with Europe's motor manufacturers, the figures do little to demonstrate the financial sense of the deal. Without any prior year figure for the AE businesses, or any indication of their turnover last year, it is impossible to judge the extent to which they have responded to T&N's management touch. Although it is vastly simplistic to attribute the increase in non-AE profits to the pension holiday, the City was disappointed – especially since the mildness of the earnings dilution was partially due to an unexpectedly low tax charge of 20, against 24 per cent. Down 8p to 191p yesterday, the shares are on a multiple of 7½ assuming profits of £91m this year and a 25 per cent tax charge. Low, but understandably so given the cloud of litigation hanging over the company.

Strong advance for Rockwood

BY FIONA THOMPSON

THWARTING ILLEGAL midnight digging of De Beers diamonds in Zaire and orchestrating anti-bugging sweeps in the City helped Rockwood Holdings show an almost sevenfold rise in profits to £1.04m last year.

The advance, from £154,000 in 1986, was made on turnover ahead to £19.94m (£5.66m).

"The outlook for Rockwood is extremely promising," said Mr Tom Forrest, chairman. "Looking back on a successful 12 months, we are even more condident for 1988."

Rockwood has three divisions, an electronics components business, a security consultancy and a distribution services business.

HB Electronics, the original business, distributes electronic components from, primarily, Far Eastern suppliers. Sales were up by 35 per cent to £7.31m and operating profits almost doubled to £343,000 (£199,000).

Last November USM-quoted Rockwood acquired Addon which, according to Mr Forrest, has brought with it significant franchises for surface mounted components used in, for example, hearing aids. Bookings in the first two months of 1988 are already 25 per cent ahead, he said.

Defence Systems, the security consultancy, produced profits of £286,000 on turnover eight times ahead at £2.16m. The company is managed by Mr Alastair Morrison, who is ex-SAS, as are three-quarters of the 25 staff.

About a third of Defence Systems' business is in the Gulf, advising on security and anti-terrorist systems for refineries, embassies and private estates. Another third is in Africa, with significant contracts in Mozambique and Zaire providing security at mines - stopping illegal pilfering and digging. The remaining third includes UK corporate security business and contracts in Indonesia and South America.

"We hope to get more business in the UK delivering non-cash but high worth items such as cheque books," said Mr Forrest, confirming that talks were taking place with one of the big four banks.

The distribution business contributed £631,000 profits on sales of £10.4m. Bond's, which delivers tobacco and other high value goods, was acquired in April 1987 and its eight months' contribution to operating profits totalled £520,000. Rockwood Distribution Services, distributor for major food and beverage manufacturers, made a four-month contribution of £100,000.

The tax charge was £280,000, compared with £52,000. Earnings per share rose from 1.17p to 5.02p. A dividend of 0.4p (nil) is proposed.

● comment

Rockwood had a pretty good 1987 and most analysts are looking for £3m this year. On the distribution side, Bond's and Rockwood Distribution will make full-year contributions for the first time and both have picked up additional contracts, the latter a big distribution deal for Safeway which should bring £4m in turnover. Defence Systems last year completed a prestigious security study of New York's JKF airport, won against US and Israeli competition, which bodes well for future business. The company has shown that it can make good value acquisitions and carry out the necessary management and strategy changes to turn them round. With £6.25m cash, more purchases are on the cards. The shares closed 4p down at 81p last night, producing a prospective p/e of 9, reasonable value.

MS rejects Dobson's 130p bid

BY CLAY HARRIS

Dobson Park Industries, the mining equipment and industrial electronics group, bought more than 17 per cent of MS International shares in the market yesterday after raising its cash offer for the mechanical and electrical engineer to £33m.

The purchases increased Dobson Park's stake to more than 20.2 per cent and underlined its improved chances of victory despite another rejection from MS, whose shares closed yesterday at 127p, a 15p gain but below the new 130p offer.

The terms, which are final unless a competing bidder emerges before March 25, are worth nearly 45 per cent more than the previous 90p cash alternative.

Mr Alan Kaye, Dobson Park chief executive, said the new offer fully and fairly valued MS. The acquisition would allow the target company's mining and defence equipment businesses to perform more effectively with Dobson Park's greater technical and financial resources.

Dobson Park is trying to create Britain's second integrated supplier of coal conveyors and hydraulic pit-roof supports. The other is Dowty Group. The bidder wants to add to its range MS's armoured-front conveyors which run along the pit front.

The bid is also intended, however, to continue both companies' diversification from dependence on the UK coal industry. In addition to industrial electronics, Dobson Park also makes power tools and toys.

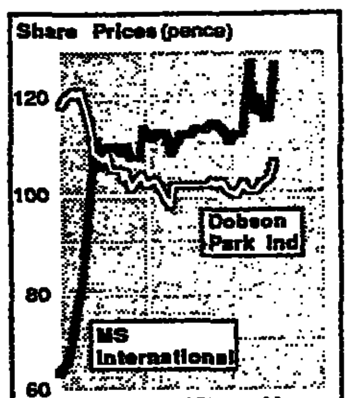
The new offer values MS at more than 48 times earnings in the year to April 1987, or 12.4 times the earnings forecast for the current year by the defending management.

Mr Kaye estimated that an unchanged MS could sustain annual pre-tax profits of £3m (against the 1987-88 forecast of £3.75m) and that this could be improved immediately to £4m through rationalisation. This would put the p/e closer to 11.

As an alternative to the cash terms, MS shareholders can elect to accept one Dobson Park share for every 105p in cash. The bidder, however, yesterday limited to 12.6m the number of shares to be issued under this provision.

This leaves the original underwriting in place and avoids the need to extend it to new shares at a lower price. It will also minimise the danger of dilution.

Dobson Park shares have fallen by more than 10 per cent since



the bid was launched in mid-January. Yesterday, they added 0.5p to 106.5p.

Despite the market purchases, Dobson Park must still win enough acceptances to offset the 20 per cent of MS shares held by the company's pension fund and directors and relatives.

Mr Michael Bell, MS chairman, said yesterday's sales had been by "short-term speculators." MS's next defence document is likely to focus on Dobson Park. "We'll be fighting this very very vigorously," Mr Bell said. "On March 26, they'll have a very battered nose."

Bromsgrove makes two acquisitions

Bromsgrove Industries, the Worcestershire-based metal processor and specialist engineer, has made two acquisitions: Richard Arnold, a private Gloucestershire manufacturer of precision parts for the aerospace industry, and Eurocast, a private Leicestershire company which is the largest supplier of meehanite continuously cast iron bar in Europe.

Bromsgrove will pay £4.59m for Arnold, and will also acquire Arnold's loan accounts for £812,000. Consideration for Eurocast will be satisfied by the issue of 3.5m new ordinary shares in Bromsgrove.

SC Johnson in bid for CMA

By Philip Coggan

SC Johnson has emerged as the bidder for Chemical Methods Associates, the USM-quoted dishwasher manufacturer, which had its shares suspended at 22p on Wednesday.

Johnson, manufacturer of consumer products and speciality chemicals, is making a recommended offer of 39p per share, valuing CMA at £1.35m.

Johnson has acquired 9.7 per cent of the CMA shares and has received irrevocable acceptances for its offer from holders of 15.3 per cent of the equity.

CMA suffered a pre-tax loss for 1987 of £334,000 (£180,297), against a profit of £55,000, on sales of £10.1m (£9.9m).

Beazer dismisses Koppers' lawsuit as 'without merit'

BY JAMES BUCHAN IN NEW YORK

Beazer, the UK housebuilding and aggregates company which is seeking to buy Koppers of Pittsburgh for $1.5bn, yesterday dismissed a lawsuit from the materials and chemicals group, which seeks to block the $45-a-share offer.

Beazer, which launched the bid last week as part of a group which includes Shearson Lehman Hutton, the Wall Street investment firm, and NatWest Investment Bank, said yesterday that the suit appeared to be "entirely without merit".

In the lawsuit, which was filed yesterday in the US District Court in Pittsburgh, Koppers alleged that the bidding group, which is called BNS, broke US securities laws by acquiring stock without adequate disclosure.

The suit named as defendants Beazer and Shearson, as well as the investment firm's 62 per cent owner, American Express.

Koppers said it was seeking a jury trial and dollar damages to cover losses the company allegedly suffered when it recently purchased stock for its own employee benefit plans. Koppers said the company had to pay prices for its stock which were "artificially inflated and manipulated" by the bidding group.

In the lawsuit, Koppers asked the court to prohibit the group from buying stock, making an offer to shareholders and "otherwise trying to control or influence Koppers management without adequate disclosure".

See Lex

UK Paper offer subscribed eleven times

By Maggie Urry

The offer for sale of 29.5m shares of UK Paper attracted applications for 336.3m shares, a subscription level of 11.4 times. Schroders, the merchant bank to the issue, yesterday announced the basis on which shares would be allocated.

Nearly 800,000 shares will be allotted to employees. After that, those who applied for more than 5,000 shares will receive approximately 9 per cent of the shares they applied for up to a maximum of 250,000.

Applicants for between 200 and 5,000 shares will join weighted ballots. Those applying for 200 to 2,500 shares will be in a ballot for 200 shares; between 3,000 and 3,500 for 300 shares; 4,000 to 4,500 for 400 shares and for 5,000 for 500 shares.

Dealings in the shares will begin on March 17.

Elders stays put with S&N stake

Mr John Elliott, chairman of Elders IXL, said yesterday that his Australian-based group had not been buying shares of Scottish & Newcastle Breweries.

The week has seen heavy trading in S&N shares with City speculation tipping Elders, which has built a stake of under three per cent in S&N, as a possible buyer.

Mr Elliott's Australian group already owns Courage, the UK brewer. He said that a proposal, to put the brewer's 5,000 pubs into a joint venture with a property company should come into fruition within the next three weeks.

Intereurope Technology dives 69%

FIRST HALF profit of Intereurope Technology Services fell by 69 per cent, from £801,000 to £248,000, but the interim dividend stays at 2p.

Benefits from action taken to improve efficiency should start to come through in the second half and order intake had improved over the past two months.

Main activity of the company is supplying technical documentation for government and industry.

The directors said there were losses in the engineering design division which came to light late in the half year. That area was being restructured.

In the core business there was pressure on margins, while exchange rate movements meant that certain overseas contracts were not as profitable as last year.

A provision of £275,000 was made against work-in-progress as a result of the change over from cost plus to fixed price. And there were compensation and redundancy payments of £81,000.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Intereurope Tech	int	2	-	2	-	6.4
New Darien Oil	fin	0.7	-	0.7	0.7	0.7
Rockwood Hldgs§	fin	0.4	-	-	0.4	-
T & N	fin	5.75‡	-	5	8.5	7.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡Carries scrip alternative.

Coal mining groups detail link-up plan

BY NIKKI TAIT

Anglo United, the open-cast mining and coal distribution group, envisages taking a 31 per cent stake in troubled coal-mining and property company, Burnett & Hallamshire, under a complex asset swap scheme between the two groups.

Broad outlines of the proposal were published in January, but yesterday the two companies set out the details.

First, B&H will buy Anglo's UK coal business, Coal Contractors, for £42m and take on £20m of debt with it. Anglo, in partial return, receives two wholly-owned B&H subsidiaries - Seaham Harbour Docks, which owns port and harbour facilities at Seaham in Tyne and Wear, and solid fuel distributor, Rushcliffe. In addition, Anglo will get 459m new B&H shares.

B&H then plans a substantial refinancing exercise – raising a total of £53m through the issue of 693.3m new shares at 7.5p. The money will be used to reduce borrowings, in particular to repay CCL's £20m debt. Of the equity offer, £20m is being placed by Anglo's advisers Robert Fleming with institutions and the balance will be available to B&H's non-bank ordinary shareholders under an open offer.

This £33m issue has been underwritten by Timeregal, a company ultimately owned by the State of Kuwait and essentially represented by the Kuwait Investment Office. If no shareholders take up the open offer, the KIO would have a maximum 29 per cent stake.

There are also agreements whereby B&H would sort out two other problem areas - its current 45 per cent interest in South African anthracite mining business, Rand London, and its 50 per cent interest in MV Hallam Venture, a dry bulk carrier.

New banking facilities of £30m are being made available to the revitalised B&H, and it will have gearing of around 55 per cent – hopefully reducing to some 33 per cent if an office property in San Diego can be sold.

New Darien falls to £77,000

Substantially increased interest charges and a proportionately higher tax provision hit New Darien Oil Trust in the year to January 31 1988.

At pre-tax level profit fell from £137,784 to £77,180 and earnings were down to 0.44p, from 1.04p. The dividend is held at 0.7p because of the substantial accumulated reserves.

At January 31 the net asset value had fallen to 63.5p (75.2p). Up to October it performed strongly, but was then hit by the crash and subsequent decline in oil prices.

In anticipation of weaker oil prices, borrowings have been reduced and investment concentrated in refiners and natural gas producers.

Interest charge was £96,444 (£489) and the tax provision £33,455 (£34,120).

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
215	F.P.	8/4	273	218	AMI Healthcare 20p	258	-3	u5.0	2.9	2.7	17.6
‡130	F.P.	15/4	165	150	Archer (A.J.) Hldgs 1p	160		R6.5	2.1	5.6	11.9
†	F.P.	-	159	150	Berry Starquest	158	+3	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TR Tech's tussle with Firmandale moves closer to solution

BY NIKKI TAIT

A FIVE-MONTH tussle between TR Technology, a £350m investment trust managed by Touche Remnant, and Firmandale Investments, a Jersey-based company which has built up a 27 per cent stake, moved closer to solution yesterday as the two sides published agreed proposals for the reconstruction of the trust.

Broadly, the scheme envisages giving Firmandale some 27 per cent of TRT's assets, which will form a new "Govett American Endeavour Fund". This will be managed by fund management group Berkley Govett, which has been advising Firmandale.

The remaining assets will stay with Touche Remnant. Just under two-fifths of these will go into TR Global Technology Fund, an existing unit trust run by Touche Remnant; the other three-fifths will form a new split level investment trust, TR Technology II.

Shareholders can opt to take shares/loan notes/units in any of the three successor funds, but the fact that the asset allocations are fixed, means that specific elections can only be satisfied to the extent that there are compensating elections from other shareholders.

If a shareholder makes no election, he will get shares in TR Technology II plus – to the extent that this is oversubscribed – units in TR Global. If he elects for TR Global and this is oversubscribed, he will receive some shares in TR Technology II (and vice versa).

Firmandale itself will elect for Endeavour in respect of its entire 27 per cent shareholding. To the extent that other shareholders do likewise, Firmandale will get units in TR Global and/or shares in TR Technology II. It will place or redeem these as soon as possible and use the money to subscribe for new shares in Endeavour.

The key features of the three vehicles are:

● TR Technology II: the fund will have a 10-year life and the standard allocation will be seven zero dividend preference shares, four stepped preference, and four ordinary shares. The zero dividend preference, which rank first on winding up, provide pre-determined capital growth but no income; the stepped preference offer pre-determined capital and income growth; the ordinary shares enjoy any surplus income and capital growth achieved by the fund after the other requirements have been met. It will invest in a spread of technology companies

● TR Global: an existing unit trust which invests in the quoted shares of small to medium sized technology companies.

● Endeavour: a geared dollar-denominated fund with an eight-year life. It will invest in mezzanine finance for US companies which are subject to leveraged buyouts, and in unquoted convertible debentures from US companies needing development capital.

Broadly, in the asset allocation Berkeley Govett will get back the investments which were originally suggested to Touche Remnant, in the days when relations between the two groups were less strained.

The bulk of a 12 per cent holding – all expect for 2 per cent – which TRT has in Berkeley Govett cannot be transferred to Endeavour since this would prompt a Rule 9 offer under the Takeover Code.

Instead, it will be held by the liquidator of TRT and underwritten for a fee by TR Technology II. The intention is that this holding should eventually be sold on.

Yesterday both sides said that – on the assumption that the proposals pass through satisfactorily – the outstanding legal action between the groups would lapse.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 10 1988					WEDNESDAY MARCH 9 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (91)	110.43	+1.4	88.86	100.70	4.18	108.91	87.40	99.39	180.81	85.36	113.22
Austria (16)	90.72	+0.2	73.00	78.35	2.67	90.57	72.68	78.34	102.87	84.35	93.79
Belgium (48)	139.61	-0.2	112.34	120.16	3.97	139.89	112.26	120.57	139.89	94.63	114.18
Canada (126)	120.57	-0.8	97.02	109.70	2.99	121.56	97.55	110.34	141.78	98.15	126.95
Denmark (38)	121.80	+0.5	98.01	105.69	2.78	121.17	97.24	104.94	124.83	98.18	112.38
Finland (23)	119.99	+0.3	96.55	101.13	1.96	119.59	95.97	100.85	–	–	–
France (122)	86.50	-0.4	69.60	76.90	4.03	86.82	69.67	76.95	121.82	72.77	113.08
West Germany (94)	79.38	+0.7	63.88	68.72	2.69	78.84	63.27	68.37	104.93	67.78	87.56
Hong Kong (46)	100.41	+1.1	80.80	100.58	4.22	99.37	79.74	99.53	158.68	73.92	108.43
Ireland (14)	120.02	+0.4	96.57	105.59	4.18	119.50	95.90	104.95	160.22	93.50	127.98
Italy (94)	75.45	-0.5	60.71	69.70	2.77	75.84	60.86	69.69	112.11	62.99	95.64
Japan (457)	162.94	-0.1	131.11	131.93	0.53	163.17	130.94	132.02	163.67	100.00	121.89
Malaysia (36)	117.29	+0.6	94.38	115.37	3.32	116.64	93.60	115.04	193.64	93.76	130.86
Mexico (14)	151.26	-7.7	121.71	376.57	0.94	163.94	131.56	408.14	422.59	90.07	123.74
Netherland (37)	107.30	+0.2	86.34	91.63	5.00	107.10	85.94	91.53	131.41	87.70	107.70
New Zealand (23)	77.42	+2.7	62.30	61.35	5.37	75.36	60.48	59.66	138.99	64.42	93.47
Norway (24)	114.59	+1.7	92.21	98.45	3.08	112.68	90.43	96.47	185.01	95.51	121.04
Singapore (26)	111.59	+1.1	89.79	103.51	2.32	110.34	88.54	102.41	174.28	81.21	117.91
South Africa (61)	136.78	+0.8	110.06	81.91	5.14	135.71	108.90	80.18	198.09	100.00	130.24
Spain (43)	147.15	-0.2	118.41	124.69	3.37	147.47	118.34	124.84	168.81	100.00	110.38
Sweden (32)	119.83	+3.2	96.42	105.11	2.60	116.09	93.16	101.61	136.64	88.50	107.46
Switzerland (53)	86.75	+0.6	69.80	74.16	2.29	86.25	69.21	73.74	111.11	73.65	95.71
United Kingdom (327)	139.77	+0.6	112.47	112.47	4.24	138.89	111.45	111.45	162.87	99.65	127.42
USA (585)	107.69	-1.9	86.65	107.69	3.50	109.74	88.06	109.74	137.42	91.21	120.11
Europe (965)	109.96	+0.4	88.48	92.54	3.75	109.51	87.88	92.01	130.02	92.25	110.13
Pacific Basin (679)	158.41	-0.1	127.46	129.38	0.71	158.52	127.21	129.38	158.80	100.00	121.01
Euro-Pacific (1644)	139.05	+0.1	111.89	114.71	1.68	138.93	111.49	114.50	143.65	100.00	116.67
North America (711)	108.37	-1.8	87.20	107.82	3.47	110.37	88.57	109.80	137.55	91.68	120.47
Europe Ex. UK (638)	91.48	+0.2	73.61	80.01	3.30	91.29	73.26	79.78	111.97	78.89	99.43
Pacific Ex. Japan (222)	103.83	+1.3	83.55	96.77	4.15	102.46	82.22	95.53	164.03	82.92	110.20
World Ex. US (1845)	138.41	+0.1	111.37	114.32	1.75	138.32	111.00	114.12	143.38	100.00	117.20
World Ex. UK (2103)	125.24	-0.7	100.78	111.96	2.11	126.14	101.22	112.69	138.82	100.00	117.47
World Ex. So. Af. (2369)	126.46	-0.6	101.75	112.22	2.30	127.21	102.08	112.80	139.47	100.00	118.27
World Ex. Japan (1973)	109.07	-0.9	87.77	101.88	3.61	110.06	88.32	102.71	134.22	92.98	116.66
The World Index (2430)	126.53	-0.6	101.81	112.01	2.32	127.26	102.12	112.57	139.73	100.00	118.35

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	[illegible]	Enterprise Oil	[illegible]	Prudential	[illegible]
Allied-Lyons	[illegible]	Fisons	[illegible]	Racal	[illegible]
Amstrad	[illegible]	General Accident	[illegible]	Rank Org.	[illegible]
Argyll Group	[illegible]	General Elec.	[illegible]	RMC	[illegible]
Assoc. Brit. Foods	[illegible]	Glaxo	[illegible]	Reckitt & Colman	[illegible]
BAA	[illegible]	Globe Investment	[illegible]	Redland	[illegible]
BAT	[illegible]	Granada	[illegible]	Reed Intl.	[illegible]
BET	[illegible]	Grand Met.	[illegible]	Reuters "B"	[illegible]
BICC	[illegible]	GUS "A"	[illegible]	RTZ	[illegible]
BOC	[illegible]	Guardian R.E.	[illegible]	Rolls-Royce	[illegible]
BPB Inds.	[illegible]	GKN	[illegible]	Rothmans "B"	[illegible]
BTR	[illegible]	Guinness	[illegible]	Royal Bank Scotland	[illegible]
Barclays	[illegible]	Hammerson	[illegible]	Royal Insurance	[illegible]
Bass	[illegible]	Hanson	[illegible]	STC	[illegible]
Beecham	[illegible]	Hawker Siddeley	[illegible]	Sainsbury	[illegible]
Blue Arrow	[illegible]	Hillsdown Holdings	[illegible]	Scottish & Newcastle	[illegible]
Blue Circle	[illegible]	IMI	[illegible]	Sears	[illegible]
Boots	[illegible]	ICI	[illegible]	Sedgwick	[illegible]
Brit. Airways	[illegible]	Jaguar	[illegible]	Shell Transport	[illegible]
Brit. Aerospace	[illegible]	Ladbroke	[illegible]	Smith & Nephew	[illegible]
Brit. & Comm.	[illegible]	Land Securities	[illegible]	[illegible]	[illegible]
British Gas	[illegible]	Laporte	[illegible]	Standard Chart.	[illegible]
BP	[illegible]	Legal & General	[illegible]	Storehouse	[illegible]
Brit. Telecom	[illegible]	Lloyds Bank	[illegible]	Sun Alliance	[illegible]
Bunzl	[illegible]	LASMO	[illegible]	T & N	[illegible]
Burmah Oil	[illegible]	Lonrho	[illegible]	TSB	[illegible]
Burton	[illegible]	Lucas	[illegible]	Tarmac	[illegible]
Cable & Wireless	[illegible]	MEPC	[illegible]	Tesco	[illegible]
Cadbury Schweppes	[illegible]	Marks & Spencer	[illegible]	THORN EMI	[illegible]
Coats Viyella	[illegible]	Maxwell Comm.	[illegible]	Trafalgar House	[illegible]
Commercial Union	[illegible]	Metal Box	[illegible]	Trusthouse Forte	[illegible]
Cons. Gold	[illegible]	Midland Bank	[illegible]	Ultramar	[illegible]
Cookson	[illegible]	NatWest Bank	[illegible]	Unilever	[illegible]
Courtaulds	[illegible]	Next	[illegible]	United Biscuits	[illegible]
Dalgety	[illegible]	Northern Foods	[illegible]	Wellcome	[illegible]
Dee Corporation	[illegible]	Pearson	[illegible]	Whitbread "A"	[illegible]
English China Clays	[illegible]	Pearl Group	[illegible]	Woolworth	[illegible]
		P & O	[illegible]		
		Pilkington	[illegible]		
		Plessey	[illegible]		

ECONOMIC DIARY

TODAY: Resumed hearing in Bhopal of criminal case against Union Carbide over gas disaster.

TOMORROW: National Savings monthly progress report (February).

MONDAY: Food facts (fourth quarter). Retail sales (February-provisional). Producer price index numbers (February-provisional). European Community Transport Council meets in Brussels. Start of two-day meeting of European Community social affairs ministers in Dortmund. Mr Mikhail Gorbachev, Soviet leader, begins visit to Yugoslavia (until March 17). Health workers threaten industrial action.

TUESDAY: Mr Nigel Lawson, Chancellor of the Exchequer, presents Budget. Index of output of the production industries (January). Standing conference of local and regional authorities of the Council of Europe in Strasbourg. Gulf Co-operation Council foreign ministers meet on Iran-Iraq war in Riyadh. Mr Yasser Arafat, Palestinian leader, arrives in Moscow for talks on Syria with Mr Gorbachev. Combined opposition in India strike to try to close down the country and force the government to resign.

WEDNESDAY: Public sector borrowing requirement (February). US and Soviet defence ministers meet in Berne (until March 17). South African budget. Arthur Young conference "Post budget planning for businessmen" at The Barbican Centre.

THURSDAY: Capital expenditure by the manufacturing and service industries (fourth quarter-revised). Labour market statistics: unemployment and vacancies (February-provisional); average earnings indices (January-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Investment intentions of the manufacturing and service industries. US merchandise trade (January). European Space Agency meeting on future European space station. Scottish Prison Officers Association conference at Peterhead. TSB annual meeting. Britoil preliminary figures.

FRIDAY: Building societies monthly figures (February). Gross domestic product (fourth quarter-provisional). London and Scottish banks monthly statement (February). Provisional estimates of monetary aggregates (February). Conservative Central Council meets in Buxton (until March 19). Lord Young launches 1992 single market campaign. Opening of the North Terminal at Gatwick by the Queen.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Friday March 11 1988						Thu Mar 10	Wed Mar 9	Tue Mar 8	Year ago (approx)	Highs and Lows Index 1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.) (Act at 27%)	Gross Div. Yield%	Est. P/E Ratio (Net)	xd adj. 1988 to date	Index No.	Index No.	Index No.	Index No.				
1	CAPITAL GOODS (209)	766.29	-1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (30)	1024.23	-0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (34)	1566.31	-0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (11)	2077.26	-0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (32)	1553.73	-0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (58)	399.86	-1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (7)	456.79	-1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (15)	288.56	-2.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (24)	1229.83	-1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (185)	1066.92	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	1066.39	-1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (23)	848.56	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	2130.94	-2.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (10)	1881.72	-2.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (31)	1258.93	-1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Packaging & Paper (16)	515.33	-0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Publishing & Printing (16)	3555.95	-0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (34)	832.62	-0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (18)	568.29	-1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (93)	892.47	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Agencies (19)	1165.15	-1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (20)	1432.57	-1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Conglomerates (14)	1185.65	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (12)	1914.87	-0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	968.67	-0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Miscellaneous (26)	1194.42	-1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (487)	952.45	-1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (13)	1838.28	+0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	1026.44	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (122)	[illegible]	-0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (8)	959.93	-2.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	527.19	-1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	872.30	+1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	340.67	-0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (51)	1072.80	-0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (30)	394.46	-0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (82)	871.44	-1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (2)	449.38	-1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (8)	1027.82	-1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (714)	930.11	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index No.	Day's Change	Day's High	Day's Low	Mar 10	Mar 9	Mar 8	Mar 7	Mar 4	Year ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX	1811.6	-23.0	1834.8	1806.0	1834.6	1835.3	1815.0	1818.2	1834.5	[illegible]	2443.4 16/7/87	1565.2 9/11/87	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Mar 11	Day's change %	Thu Mar 10	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	123.27	+0.02	123.24	–	2.25
2	5-15 years	141.92	-0.03	141.97	–	2.39
3	Over 15 years	151.60	+0.14	151.39	–	3.86
4	Irredeemables	168.78	+0.07	168.58	–	1.54
5	All stocks	138.34	+0.01	138.33	–	2.43
	Index-Linked					
6	5 years	124.96	+0.04	124.91	–	0.51
7	Over 5 years	117.17	-0.04	117.22	–	0.88
8	All stocks	117.64	-0.04	117.69	–	0.85
9	Debentures & Loans	120.09	-0.02	120.11	–	1.63
10	Preference	88.41	+0.04	88.37	–	0.73

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 11	Thu Mar 10	Year ago (approx.)	1987/88 High	1987/88 Low
	British Government						
1	Low Coupons	5 years	8.71	8.68	8.21	[illegible]	[illegible]
2		15 years	9.03	9.02	9.08	[illegible]	[illegible]
3		25 years	8.92	8.91	9.09	[illegible]	[illegible]
4	Medium Coupons	5 years	9.22	9.19	9.25	[illegible]	[illegible]
5		15 years	9.21	9.21	9.25	[illegible]	[illegible]
6		25 years	9.06	9.08	9.15	[illegible]	[illegible]
7	High Coupons	5 years	9.33	9.29	9.27	[illegible]	[illegible]
8		15 years	9.35	9.35	9.42	[illegible]	[illegible]
9		25 years	9.11	9.13	9.23	[illegible]	[illegible]
10	Irredeemables		9.05	9.02	8.99	[illegible]	[illegible]
	Index-Linked						
11	Inflation rate 5%	5yrs	2.38	2.37	2.57	[illegible]	[illegible]
12	Inflation rate 5%	Over 5 yrs	3.84	3.83	3.41	[illegible]	[illegible]
13	Inflation rate 10%	5yrs	1.45	1.43	0.96	[illegible]	[illegible]
14	Inflation rate 10%	Over 5 yrs	3.69	3.68	3.26	[illegible]	[illegible]
15	Debs & Loans	5 years	10.72	10.70	9.90	[illegible]	[illegible]
16		15 years	10.60	10.60	10.17	[illegible]	[illegible]
17		25 years	10.60	10.60	10.19	[illegible]	[illegible]
18	Preference		10.51	10.51	11.02	[illegible]	[illegible]

†Opening index 1834.0; 10 am 1830.9; 11 am 1826.3; Noon 1828.0; 1 pm 1824.3; 2 pm 1814.4; 3 pm 1809.3; 3.30 pm 1810.5; 4 pm 1811.5

CONSTITUENT CHANGES: Edinburgh American Assets (71) has been deleted. Thomson T-Line (48) has moved to group 43. ASDA-MFI Group (26) has changed to ASDA Group. London Investment Trust (70) has changed to L.I.T. Holdings.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

HARRISONS MALAYSIAN PLANTATIONS BERHAD

(Incorporated in Malaysia)

INTERIM REPORT FOR THE NINE MONTHS TO 31st DECEMBER, 1987

The Directors announce that the unaudited results for the nine months to 31st December, 1987 were:

	Group 1987 M$'000	Group 1986 M$'000	%	Company 1987 M$'000	Company 1986 M$'000	%
Turnover	381,855	363,030	5	19,704	14,874	32
Investment and other income	9,066	11,534	(21)	2,318	4,459	(48)
Operating profit	80,616	49,046	64	6,309	4,930	28
Associated Companies	2,868	3,273	(12)	–	–	–
Profit before taxation (See Note 1)	83,484	52,319	60	6,309	4,930	28
Taxation (See Note 2)	25,670	19,098	34	762	1,626	(53)
Profit after taxation but before extraordinary items	57,814	33,221	74	5,547	3,304	68
Minority interests	240	196	22	–	–	–
	57,574	33,025	74	5,547	3,304	68
Extraordinary items (See Note 3)	(1,784)	1,430	(225)	(2,920)	–	–
Profit attributable to shareholders	55,790	34,455	62	2,627	3,304	(20)

NOTES

	Group 1987	Group 1986	Company 1987	Company 1986
(1) After charging				
– Interest	293	707	3	284
– Depreciation	17,693	17,643	526	312
(2) Taxation includes				
– Current	28,802	18,084	612	3,460
– Deferred	(3,436)	710	150	(1,834)
– Associated Companies	304	304	–	–
(3) The extraordinary items comprise the following:				
Surplus on liquidation	428	1,430	–	–
Profit on sale of investments	691	–	–	–
Profit on sale of land	17	–	–	–
Loan to an associated company written-off	(2,920)	–	(2,920)	–
	(1,784)	1,430	(2,920)	–

	1987 Group	1986 Group
Profit after taxation but before extraordinary items as percentage of turnover	15.1%	9.2%
Profit after taxation but before extraordinary items as percentage of shareholders' funds	3.3%	2.0%
Net earnings per share (in sen)	13.6	7.8
Net tangible asset backing per share	$4.09	$4.01

HARVESTED CROPS – TONNES

	1987	1986
FFB	639,389	634,311
Palm oil	134,278	133,570
Palm kernels	39,445	38,290
Rubber	38,996	41,323
Cocoa	5,808	4,095
Copra	5,372	5,515

The increased profit is mainly due to higher prices for palm and rubber products. The results for the current year are expected to be materially better than last year.

DIVIDEND

The Directors have declared an interim dividend in respect of the financial year ending 31st March, 1988 of 6 sen per share, less tax, absorbing $15,227,684 payable on 28th April, 1988, on 422,991,214 shares (last year 5 sen per share).

The last day for lodging transfers will be at the close of business on 1st April, 1988.

COPIES OF THE COMPANY'S INTERIM REPORT

A copy of the Company's Interim Report will be posted to shareholders on 17th March, 1988. Copies will also be available from the Company's registered office and the Branch Registrar, Baring Brothers & Co. Limited, Bourne House, 34 Beckenham Road, Kent BR3 4TU, United Kingdom.

KUALA LUMPUR
11th March, 1988

By Order of the Board
Mohd. Nadzir Mahmud
Secretary

MoDo makes $1bn paper takeovers

BY SARA WEBB IN STOCKHOLM

PLANS FOR the creation of a new, diversified Swedish forestry group emerged yesterday when MoDo, the Swedish pulp and paper company, announced that it planned to take over Holmen, a domestic rival which is Europe's leading newsprint producer, and Iggesund, its own pulp and board producing affiliate, in a deal worth SKr6.1bn ($1.03bn).

The new group would be the European leader in board and newsprint, and one of the leading European producers of fine paper, according to Mr Bernt Loef, MoDo's managing director.

With an annual turnover of SKr20bn, it would become Sweden's second largest forestry products group after Stora, which earlier this week bid SKr5.9bn for Swedish Match, and ahead of SCA, MoDo said.

The new group would produce about 700,000 tons of market pulp and 2m tons of paper, board and newsprint annually.

Mr Matts Carlgren, MoDo's chairman, has for a long held ambitions of creating a major force in the Swedish forestry industry, but was thwarted by Holmen's management and main shareholders until last autumn when two of Holmen's allies – the investment company Ratos and the newspaper group Marieberg – both decided to sell out.

Mr Loef said the deal would allow a more efficient use of financial resources which would benefit research, product development, and investments in future.

The new company would have a more stable product mix than the three individual concerns, he added. If the offer goes through, the new group's sales would be split as follows: 52 per cent newsprint and printing paper, 15 per cent pulp, 14 per cent packaging and board, and 13 per cent hygiene products.

Mr Loef said that it was important for MoDo to move away from dependancy on pulp, which shows wide fluctuations in price, and towards more stable products such as newsprint and fine paper which have a higher added value.

MoDo controls 49 per cent of the votes in Iggesund, and the two companies together control nearly 80 per cent of the votes and 43 per cent of the share capital in Holmen.

Mr Gunnar Engman, Holmen's new managing director, said that while he believed that there were many advantages to be gained from the deal, he believed the new group would be "financially very weak with a low solidity."

MoDo's offer consists of a combination of convertible bonds worth about SKr5.4bn and SKr700m in cash in exchange for various alternative combinations of Holmen and Iggesund shares at a premium of about 30 per cent.

Fletcher deal with Brierley questioned

By Dai Hayward in Wellington

THE NEW ZEALAND Commerce Commission, the country's anti-trust agency, is to investigate the NZ$444m (US$297.5m) purchase of Winstone, a building materials supplier, by Fletcher Challenge, New Zealand's biggest company.

This is despite claims by Fletcher and Sir Ron Brierley's Brierley Investments (BIL), which on Thursday agreed the sale of Winston, that terms of their deal do not require approval by the commission.

Normally, because of the near monopoly position the forestry-based Fletcher would enjoy through adding Winstone to its extensive existing operations in building supply, there would be a strong possibility that the commission would refuse approval.

However, BIL and Fletcher appeared to have side-stepped the need for approval by selling Winstone to Goldenbay Cement, a company which the two own jointly but which is effectively managed by Fletcher. In 1991 Fletcher will be able to buy out BIL's half-share.

Both companies say their legal advice is that the sales avoid the need for Commerce Commision approval. Nonetheless, it emerged yesterday that commission staff have been instructed to look at all aspects of the deal.

BIL stands to make a profit of NZ$124m on the disposal, which is part of a package in which Fletcher is also buying Consolidated Metal Industries, an engineering company, and BIL's 15 per cent stake in Petrocorp, the privatised energy group where Fletcher already holds 70 per cent.

Doyle Paterson Brown is seeking to buy 10m shares at NZ$1.70. This compares with the NZ$1.75 price paid by Fletcher in its deals both for BIL's 101m shares and earlier for the government majority.

Success for Doyle Patterson would give it only 1.5 per cent of Petrocorp equity, but as this is a tenth of the shares remaining in the markettt could be enough to stop Fletcher compulsorily buying the minority.

De Beers shows modest fall in diamond income

BY JIM JONES IN JOHANNESBURG

DE BEERS, the South African diamond group which celebrates its centenary today, suffered a drop in rand-denominated diamond income in 1987, even though the sales of the Central Selling Organisation (CSO), its marketing arm, were ahead in both dollar and rand terms.

Group non-diamond income increased, resulting in a small rise in pre-tax profit to R1.53bn ($721.9m) from R1.52bn.

Diamond account profit slipped to R1.3bn from R1.36bn, although CSO sales rose to R6.3bn from R5.91bn – these are converted into rands at exchange rates prevailing when diamonds are sold, whereas the CSO's profit is taken from dollars at the year-end rate. By that stage the rand was worth about 52 US cents against the year's average of 48.8 cents.

Diamond stocks increased to $2.3bn or R4.45bn at the end of the 1987, from $1.85bn or R4.04bn a year earlier. In July De Beers added to its own stocks when it paid R770m in shares and an undisclosed cash amount for a diamond stockpile held by Debswana, its half-owned Botswana associate.

The diamond stock position was distorted by particularly low offerings at the sales "sites" in November and December. At that stage the group held diamonds back from the market as it feared October's stock market crashes would result in a sharp cut in demand for diamonds. This fear does not appear to have materialised and this year's February site is unofficially reported to have been a record $400m.

The directors say recent floods in the Cape will affect production at the Finsch and Kimberley mines and delay bringing Koffiefontein back to full production. Increased capital spending took the tax and mining lease bill down to R374m from R635m.

Net earnings, which include the group's proportion of retained profits from associates, increased to 410 cents a share from 320 cents, and the year's dividend has been raised to 110 cents from 80 cents.

Sandoz raises profits and dividend

By Our Financial Staff

SANDOZ, THE Swiss chemical and pharmaceuticals group, yesterday announced a 16 per cent increase in net profit to SFr627m ($455.6m) for 1987 and said it would be raising the dividend.

Turnover rose by 7 per cent to SFr8.97bn thanks to acquisitions and a strong performance from the agricultural and chemicals divisions.

Sandoz attributed its profit improvement to a combination of higher productivity, stemming in part from synergy realized from acquisitions, and to better foreign-exchange management which limited losses on overseas on conversion to Swiss francs, and also to new products.

The company is stepping up its dividend by SFr5 a share to SFr110. The payout on the participation certificates is going up by SFr1 to SFr22.

Turnover in the chemicals division rose by 11 per cent last year to SFr2.44bn, while the drugs division increased sales by 5 per cent to SFr4.06bn. Agricultural chemical sales jumped by 20 per cent SFr820m.

Group cash-flow improved from SFr956m to SFr1.08bn. The upturn reflected heavier depreciation as well as parent company net profits of SFr173.8m, up from SFr153.8m in 1986.

The 1987 performance confirms Sandoz as the most successful of the big Swiss chemicals groups.

Hang Seng Bank 22% ahead

BY DAVID DODWELL IN HONG KONG

HANG SENG Bank, one of Hong Kong's strongest retail banks, which is 51 per cent owned by the Hongkong and Shanghai Banking Corporation, yesterday reported attributable profits for 1987 of HK$1.28bn (US$164m), up by almost 22 per cent from the 1986 level of HK$1.05bn.

The profits boost surpassed most market expectations, and compared with a 21 per cent improvement just over a month ago by the Bank of East Asia, Hong Kong's largest family-controlled bank.

The result may prompt some last-minute revision in forecasts for the Hongkong Bank, which is due to announce its 1987 results on Monday.

Hang Seng Bank plans to transfer HK$230m to its general reserve, and to pay a final dividend of 95 cents per share – taking the total for the year to HK$1.25, compared with HK$1.08 in 1986.

The board recommended a scrip issue of one new share for every four, which will be funded by the capitalisation of HK$688m from the general reserve. This would in turn be funded by a HK$380m transfer from inner reserves, and of HK$308m from retained profits.

Mr Alexander Au, Hang Seng's general manager, provided no background on the reasons why the Bank's performance was stronger than expected. It has nevertheless been made clear that the buoyant performance of the Hong Kong economy last year – where gross domestic product soared by 13.6 per cent – gave the Colony's banking sector a powerful boost.

Hang Seng, with a large share of local trade and mortgage finance, was without doubt a beneficiary of this trend.

Group deposits stood at HK$100.62bn at the end of the year, up 20 per cent from HK$84.1bn at the end of 1986. Shareholders' funds leapt 29 per cent from HK$4.36bn to HK$5.62bn.

Malaysian Mining rises sharply

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA MINING Corporation, the country's biggest tin mining group, has reported a threefold increase in pre-tax profit to 52.1m ringgit (US$20.4m) for the year to January on turnover which was 62 per cent higher at 525m ringgit.

MMC is meanwhile to start commercial gold mining in Malaysia in the third quarter of this year, the first such venture for many years. The mine is believed to be located in the Pulai area in Kelantan Staten, and the deposits should support mining for eight years.

Group net profit was more than 150 per cent higher at 35.6m ringgit, and MMC is paying a final dividend of 2 cents per share, making a total of 3.5 cents for the year, from 2 cents previously.

MMC attributed improved earnings to better tin prices, benefits from a "severe cost-cutting exercise" two years ago and from lower interest charges.

It said that during the year it took advantage of the higher prices to dispose of 2,764 tonnes of tin from accumulated stocks, in addition to the 13,000 tonnes produced by the group.

Tan Sri Nasaruddin Mohamed, chairman, said the group has also made a provision of 58m ringgit arising from an English court decision in favour of Kleinwort Benson, the merchant bank, in respect of credit facilities granted to an MMC subsidiary on the basis of comfort letters from the Malaysian parent.

He said MMC paid out the award to the bank in January, but is appealing against the court decision.

He added that tin prices showed good prospects of improvement. This should take 1988 results further ahead.

Asko seeks more of retail rival

BY HAIG SIMONIAN IN FRANKFURT

ASKO, THE fast-expanding West German retailing group, has applied to the country's cartel authorities to raise its present 49.9 per cent stake in Massa, another leading discount retailer, to a majority holding.

The Federal Cartel Authority in Berlin said yesterday (FRI) it would not oppose the application, subject to a satisfactory reply from Asko on some questions it has raised.

The enquiries, which have already been sent by post, are not expected to pose a large barrier and approval could come "within seconds" of a satisfactory reply according to the cartel office. Asko has declined to comment officially on its intentions until after a board meeting on Tuesday.

Observers are already speculating on whether the company plans to buy more shares in the market or will try and gain some form of majority voting right in Massa while maintaining its present stake. Massa shares fell DM4 to DM261 in Frankfurt yesterday while Asko stock was DM7 lower at DM692.

The application to the cartel authority, which is not entirely unexpected, follows Asko's original purchase of a 24.9 per cent stake in Massa last July and a subsequent anti-trust investigation after Massa then took a reciprocal 10 per cent stake in Asko while the latter sought to raise its stake in Massa to 49.9 per cent.

At the same time, Mr Helmut Wagner, Asko's chief executive, took over the top job at Massa.

Judge blocks Texas Air bid to sell shuttle route

BY JAMES BUCHAN IN NEW YORK

MR FRANK LORENZO, chairman of Texas Air, has suffered a setback in his battle to drive down labour costs at its Eastern Air Lines unit when a federal judge blocked his attempt to strip the troubled carrier of its most profitable operation.

Union leaders were jubilant yesterday at a ruling by Judge John Pratt in Washington that the plan to spin off the profitable Washington-New York-Boston shuttle violated an injunction he issued last year. Judge Pratt had barred Eastern from selling operations without negotiating with its machinists' union.

Texas Air, which also operates Continental Air Lines, announced last month it would form a limited partnership to buy the shuttle for $225m from Eastern. Eastern's unions said the sale was designed to leave Eastern so unprofitable that unions would be forced into wage concessions. They say the sale is also designed to provide Eastern with cash in the event of a strike.

Eastern said that it would appeal against the decision.

Texas Air, which operates the largest US airline system, lost $466.1m last year, partly because of labour strife at Eastern.

Wessanen lifts earnings despite lower turnover

By Laura Raun in Amsterdam

WESSANEN, THE Dutch foods group, boosted earnings by 10 per cent in 1987 despite lower sales and lifted its dividend by an equal amount to Fl 2.24 per share. The company said it expected per-share profits to climb again this year.

Net income rose to Fl80.2m ($96.5m) last year from Fl 72.7m in 1986 thanks to cheaper commodities and efficient cost-control. Wessanen was able to offset the low dollar's negative effects because it has sizeable production and distribution activities in the US.

WORLD COMMODITIES PRICES

Week in the Markets

THE INTERNATIONAL Cocoa agreement appeared to be heading for the rocks last night as producer and consumer delegates wrestled with a deadlock over the twin problems of support pricing and financing.

The talks in London – which for the past two weeks are supposed to have been examining ways of halting an inexorable decline in cocoa prices – do not seem to have got properly to grips with the real issues. Yesterday morning some consumer delegates were amazed that more than an hour was spent discussing a possible mission from the ICCO to persuade Malaysia - now the fourth biggest producer - to join the agreement.

During the fortnight the second position futures contract has fallen £48 to £954 a tonne – the lowest closing level since September 1982.

Analysts said yesterday that whatever outcome emerged from the talks, the fundamental factors of a continuing oversupply of cocoa would continue to push prices down further.

The talks reached a crisis point on Wednesday, when producers blocked discussion on a downward adjustment of support prices, which were reduced in January to between 1,485 and 2,165 Special Drawing Rights a tonne. Consumers were adamant that the rules required a cut of at least 115 SDRs as the buffer stock manager had bought 75,000 tonnes in six weeks without pushing the indicator price up.

Producers said that as the buffer stock had reached its maximum of 250,000 tonnes there was no need for a further cut. The indicator price now stands at around 1,260 SDRs.

If no agreement is reached on a cut, the matter will go to arbitration – a move, which could paralyse all further support measures until the next ICCO Council session in September.

In addition, the Ivory Coast, the world's biggest producer, and Brazil between them owe the organisation more than $40m in levies. Brazil has said it intends to pay its arrears of more than $10m, but a senior Ivory Coast delegate made it clear last week at the talks that an IMF loan, part of which was immediately available to offset weak commodity prices, would not be used to clear his country's debt.

The buffer stock manager's lack of funds means that the withholding scheme approved this week is unlikely to get off the ground even if agreement is reached on support prices.

On the London Metal Exchange nickel continued its record-breaking bull run. With no relief in sight to the market's extreme supply tightness the cash position rose steadily to end $1,400 up on the week at $13,550 a tonne and the three months quotation rose by nearly $1,500 to $11,600.50 a tonne.

"This is not a technical squeeze," commented Mr Neil Buxton, an analyst with Shearson Lehman Brothers, the London broker. "The movement represents genuine consumer business."

He said demand still appeared to be on an uptrend after last year's record, and he could not see where the extra metal could come from."

Mr Martin Harris, a Rudolf Wolff analyst, thought demand had peaked. "Most steel mills are running pretty well flat out already," he said.

But he still saw no reason to expect a downturn in the prices. The market was dominated by supply factors, especially the continued absence – because of a dispute over export pricing – of Falconbridge shipments from the Dominican Republic.

Supply problems are also helping to prop up the zinc market, but the LME's cash price still ended the week £3.50 down at £519.50 a tonne.

An early fall reflecting currency factors was mostly recovered following reports that Pertusola was threatening to close a loss-making plant in southern Italy. Some analysts were sceptical, however. "The closure of a large European plant is just what the zinc market needs," said Shearson's Mr Stephen Briggs. "But I cannot envisage the closure of a 49 per cent government-owned plant in an Italian development area."

The aluminium market shrugged off news of a large, unexpected rise in the International Primary Aluminium Institute stocks figure to finish close to an 8-year high. Analysts are in no doubt that production is catching up with demand but many see the IPAI figure as a statistical anomaly.

David Blackwell and Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1987/88	Low 1987/88
Gold per troy oz.	$441.00	+4.75	$404.75	$499.50	$390.25
Silver per troy oz	341.90p	-12.65	350.70p	653.60p	341.45p
Aluminium 99.7% (cash)	£2250	+130	-	£2265	£1595
Copper Grade A (cash)	£1308	+44.50	£927.00	£1707.50	£870.25
Lead(cash)	£360	-0.50	£309.00	£445.00	£288.75
Nickel (cash)	$13550	+1400	$2435.00	$13550.00	$2424.50
Zinc (cash)	£519.50	+2.50	£465.50	£587.00	£441.50
Tin (cash)	£3742.50	-136.50	£4345.00	£4825	£3735
Cocoa Futures (May)	£954	-44	£1295.50	£1439.50	£948.00
Coffee Futures (May)	£1164	-46	£1287.50	£1665.50	£1151.00
Sugar (LDP Raw)	$233.40	+17.40	$199.00	$265.40	$139.50
Barley Futures (May)	£104.75	-1.00	£113.65	£118.55	£95.30
Wheat Futures (May)	£105.80	-1.75	£118.00	£125.50	£98.75
Cotton Outlook A Index	66.00c	-0.80	63.10c	87.80c	62.65c
Wool (64s Super)	570p	-8.00	435p	580p	416p
Rubber (Spot)	61.50p	-2.25	61.25p	71.50c	59.50c
Oil (Brent Blend)	$14.80z	+0.825	$17.875	$20.725	$13.975

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents/lb w-Mar/Apr, z-Mar. *Aluminium 99.7% only quoted since July.

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar 10	Mar 9	mnth ago	yr ago
1720.0	1721.5	1750.1	1536.3

DOW JONES (Base: December 31 1974 = 100)

Spot	127.97	129.80	129.40	113.70
Futures	131.62	133.88	133.19	113.82

SPOT MARKETS

Crude oil (per barrel FOB) + or -

Dubai	$13.25-3.40y	+0.475
Brent Blend	$14.75-4.85z	+0.325
W.T.I. (1 pm est)	$16.20-6.25y	+0.30

Oil products (NWE prompt delivery per tonne CIF) + or -

Premium Gasoline	$157-160	+0.50
Gas Oil	$130-132	+1.00
Heavy Fuel Oil	$85-87	
Naphtha	$139-141	+1.00

Petroleum Argus Estimates

WORLD COMMODITIES PRICES: remaining tables

[illegible]

US MARKETS

New York

[illegible]

Chicago

[illegible]

WORLD STOCK MARKETS

Wall Street

Dow drops but selling is restrained

EARLY afternoon trading saw Wall Street stocks decline, but selling pressure was light in anticipation of the weekend.

Investors were cautious in anticipation of the US trade deficit figure due on Thursday.

The Dow Jones Industrial Average was off 15.25 at 1.30pm to 2,010.78.

At midsession, Dow Chemical was down $1⅝ at $85¼. Its pharmaceutical subsidiary said an Idaho court had found that the drug, Benedictin, which it no longer makes, had not been the cause of the death of a child whose mother took it during pregnancy.

Canada

Declining golds outweighed rising energy issues to lead Toronto stocks down slightly in brisk mid-day trading.

The composite index, which had risen about 8 in earlier trading, dropped 3.3 to 3,310.5 as declines outpaced advances by 359 to 265 on turnover of 15.6m shares.

TransCanada PipeLines topped the list of most actives, firming C$⅛ to C$13¼. Among other actives, Nova rose C$¼ to C$11, Alcan Aluminium slipped C$⅛ to C$35⅝ and Magna International lost C$¾ to C$12⅛.

Golds were broadly lower. Lac Minerals slipped C$⅛ to C$13¼, International Corona declined C$¼ to C$8⅛ and Placer Dome lost C$⅛ to C$16.

Among energy issues, Imperial Oil class A firmed C$⅛ to C$57⅝, Texaco Canada gained C$¼ to C$33⅜ and Ranger Oil was unchanged at C$7½.

Asamera, which said its board had decided that Gulf Canada Resources' tender offer of C$10.50 per common share was inadequate, rose C$⅝ to C$11⅜. Gulf Canada Resources gained C$⅝ to C$17⅝.

Tokyo

Wall Street's overnight plunge edged share prices down in hefty trade. The Nikkei index fell 74.09 to 25,543.73, after rising 12.73 on Thursday, on turnover of 1.8bn shares, the heaviest this year.

Tokyo's immediate reaction to the Wall Street drop was to sell, and the Nikkei index lost over 100 points in the first 10 minutes of trade. But the market later shrugged off most of its fears.

Large-capitalisation shares traded actively, with the focus on steel, heavy industry and heavy electricals. Afternoon trading was temporarily halted in Nippon Steel, which closed up Y13 to Y456, a new high.

Heavy electricals did well, with Toshiba, one of the 10 most actives in the morning, closing up Y15 to Y792. This was despite news that some US congressmen had renewed calls for punishment of Toshiba for sales of technology to the Soviet Union by one of its subsidiaries.

Hong Kong

A late buying spree led by US brokerage firms helped Hong Kong to recover early losses, caused mainly by Wall Street's sharp drop the previous day.

The Hang Seng index ended 4.11 points higher at 2,595.45 after losing more than 30 points at one stage in the morning.

Hang Seng Bank, 61 per cent-owned by Hongkong Bank, ended 50 cents lower at HK$31.25. After the close, it reported a rise in 1987 net profit of 21.7 per cent. Hongkong Bank, due to release results next Friday, climbed 5 cents to HK$7.55.

Frankfurt

The mark's rise against the dollar and the previous day's sharp fall on Wall Street pushed down Frankfurt share prices.

The Commerzbank index fell 10.3 points to 1,392.1.

Electricals fell back after performing well on Thursday, with Siemens losing DM5.70 to DM380 and Nixdorf down DM5.40 to DM564.80.

Car-maker Daimler plunged DM10 to DM688.50, VW softened DM1.10 to DM233.50 and BMW fell DM6 to DM518. Porsche bucked the trend to edge 50 pfennigs higher to DM477.50.

Retailer Asko, which plans to acquire a majority stake in Massa, fell DM7 to DM692, while Massa eased DM4 to DM261.

Brussels

Belgian stocks finished lower across the board following a slide in the dollar and the drop on Wall Street the day before. Retailer GB-Inno, the focus of takeover speculation, was particularly sharply down.

The Belgian cash market index slumped 97 to 4,916.61. Every sector showed falls.

The failure of a takeover bid materialising for GB-Inno continued to upset share prices. It ended BFr128 lower at BFr1,220 but turnover remained heavy at 135,000 shares.

Utilities were generally down, but Electrafina, which reported a 7.6 per cent rise in 1987 profits, gained BFr100 to BFr6,400.

Australia

The industrial sector regained some strength after earlier lows, but the overall Australian share market finished down.

The All Ordinaries was off 4.6 at 1,354.6, the All Industrials slid 15.7 to 2,188.4, but the All Resources rose 2.8 to 725.8. National turnover was 142.64.

Profit-taking led to losses in transport and banking stocks. TNT fell 8 cents to A$4.40 and Brambles 12 cents to A$8.70. Among banks, Westpac fell 18 cents to A$5.46.

Milan

A new high for 1988 was reached in Milan with gains across the board in heavy volume. The MIB index closed 1.55 per cent up at 1,046.

Fiat closed L50 higher at L,200. Olivetti closed at L9,200, up L39, while Cir gained L180 to 5,480. Insurance major Generali closed L1,210 higher at L87,510 and Ras was L1,600 up at L43,600.

Zurich

Profit-taking set in after the overnight decline on Wall Street and Swiss share prices closed lower across the board on moderate turnover.

In chemicals, Sandoz bearers fell SFr100 to SFr12,825 and its certificates were SFr65 lower at SFr1,930 after it reported higher net profit and dividend for 1987.

Oslo

The Labour Government's proposed law to keep wage growth down and limit share dividends led to share prices generally firming. The all-share index rose 3.14 to 283.48 in moderate trade.

Norsk Data B shares rose NKr5.5 to NKr64 and its A shares gained NKr11 to NKr74, on rumours that a foreign company was planning a takeover bid.

Amsterdam

Dutch business was quiet and share prices ended the day lower across the board. The easier dollar and falls on Wall Street prompted selling, the CBS all-share index falling 0.8 to 82.

North American closing prices were not available for reports in this edition

NEW YORK (3 pm)

CANADA (3 pm)

INDICES

NEW YORK ACTIVE STOCKS

CURRENCIES AND MONEY

FOREIGN EXCHANGES

Sterling ends on firm note

STERLING RESUMED its firmer trend yesterday, after Thursday's setback proved to be more of a pause for breath than a change in sentiment.

The pound's exchange rate index rose to 77.4 from 77.1 at the opening and Thursday's close. Trading volume was down from the very busy levels seen earlier in the week, although traders were still optimistic about the pound challenging the DM3.10 level.

Thursday's uncertainty after comments by Chancellor Nigel Lawson was put aside, and foreign investors gave the pound a vote of confidence by pushing it to the highest level since January 1986.

Most short term investors now seemed content to sit and hold their sterling positions and await the UK Budget on Tuesday. The Government's determination not to bale out the cost of high wage settlements by allowing a decline in sterling, increased overseas confidence in the UK administration.

The pound closed at $1.8530, up from $1.8425 and DM3.0775 compared with DM3.0675. It was unchanged against the yen at Y236.0 but improved elsewhere to SFr2.5425 from SFr2.5400 and FFr10.4650 against FFr10.4425.

The dollar finished on a weaker note as attention focused on a strong pound and D-Mark. US retail sales figures showed a 0.6 p.c. increase in February, which was a little lower than expected. This helped to quell fears of an expanding economy sucking in imports. US producer prices for February were down by 0.2 p.c. after a 0.4 p.c. increase in January.

The effect of these figures on the dollar was suppressed to some extent by the market's preoccupation with the release next Thursday of US trade figures for January.

The dollar slipped to DM1.6610 from DM1.6650 and Y127.35 compared with Y128.10. Elsewhere it closed at SFr1.3715 from SFr1.3790 and FFr5.6475 compared with FFr5.6675. On Bank of England figures, the dollar's exchange rate index fell from 93.6 to 93.3.

In Paris the D-Mark continued to improve against the French franc, being fixed at FFr3.4090 from FFr3.3990 on Thursday. However EC officials continued to stress that plans for a realignment within the EMS were not imminent. The Nyborg agreement reached by EC ministers last September put emphasis on greater economic and monetary coordination, in order to reduce the need for currency realignments. Central banks of weak currencies are allowed to borrow funds from other central banks, in order to give support at times of pressure.

So far no currency has moved outside its permitted trading range but traders still remained less than confident.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.35. February average 129.17. Exchange rate index 240.4 against 223.1 six months ago. Traders' attention tended to focus on next Thursday's release of US trade figures for January. The dollar was a little weaker against the D-Mark as investors switched out of high yielding, high risk European currencies into the D-Mark.

£ IN NEW YORK

Mar.11	Latest	Previous Close
£ Spot	1.8415-1.8425	1.8465-1.8475
1 month	0.32-0.30cpm	0.31-0.29cpm
3 months	0.97-0.93pm	0.95-0.92pm
12 months	3.53-3.43pm	3.50-3.40pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.11	Previous
8.30 am	77.1	77.2
9.00 am	77.1	77.2
10.00 am	77.1	77.2
11.00 am	77.3	77.1
Noon	77.3	77.2
1.00 pm	77.3	77.1
2.00 pm	77.3	77.1
3.00 pm	77.3	77.1
4.00 pm	77.4	77.1

POUND SPOT- FORWARD AGAINST THE POUND

Mar 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8420-1.8550	1.8525-1.8535	0.31-0.20cpm	1.91	0.94-0.89pm	1.98
Canada	2.3170-2.3314	2.3230-2.3240	0.08d-0.02pm	-0.26	0.24-0.12pm	0.31
Netherlands	3.44½-3.46½	3.45½-3.46½	1½-1¼cpm	4.77	4¼-3⅞pm	4.84
Belgium	64.12-64.61	64.45-64.55	24-6cpm	2.79	55-33pm	2.73
Denmark	11.74¾-11.79¼	11.77-11.78	¼-1¼oredis	-1.02	1¼-2¼dis	-0.64
Ireland	1.1488-1.1527	1.1515-1.1525	0.08-0.12dis	-1.04	0.22-0.30dis	-0.90
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.44
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.74
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.08
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.37
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.49
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.48
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.55
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.56
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.75
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.78

Belgian rate is for convertible francs. Financial franc 64.60-64.70. Six-month forward dollar 1.85-1.80cpm 12 month 3.45-3.35pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.98
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.80
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.67
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.86
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.75
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.05
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.49
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.47
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.21
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-4.48
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.63
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.52
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.71
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.56
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.78
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.89

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 34.85-34.95.

CURRENCY RATES

Mar 11	Bank rate %	Special * Drawing Rights	European Currency Unit
Sterling	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austrian Sch.	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]	[illegible]
Neth. Guilder	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]
Norway Krone	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]
Swedish Krona	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]
Greek Drach.	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]

*All SDR rates for Mar.10

CURRENCY MOVEMENTS

Mar 11	Bank of England Index	Morgan Guaranty Changes %
Sterling	77.4	[illegible]
U.S. Dollar	93.3	[illegible]
Canadian Dollar	[illegible]	[illegible]
Austrian Schilling	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]
Danish Kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French Franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	240.4	[illegible]

Morgan Guaranty changes: average 1980-1982=100 Bank of England Index (Base Average 1975=100)** Rates for Mar.10

EURO-CURRENCY INTEREST RATES

Mar 11	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8-8¼ per cent; three years 8¼-8⅝ per cent; four years 8½-8¾ per cent; five years 8⅝-8⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Mar 11	£	$
Argentina	11.5195-11.6185	6.2200-6.2700
Australia	2.5315-2.5345	1.3675-1.3685
Brazil	192.60-194.00	104.15-104.70
Finland	7.4305-7.4530	4.0145-4.0165
Greece	244.00-248.30	132.25-134.45
Hong Kong	14.4555-14.4675	7.8005-7.8025
Iran	123.40*	66.50*
Korea(Sth)	1390.60-1403.20	753.10-759.40
Kuwait	0.50850-0.50900	0.27465-0.27475
Luxembourg	64.45-64.56	34.75-34.85
Malaysia	4.7155-4.7275	2.5470-2.5500
Mexico	4207.45-4266.25	2272.00-2282.00
N. Zealand	2.7530-2.7580	1.4875-1.4900
Saudi Ar.	6.9455-6.9515	3.7505-3.7515
Singapore	3.7295-3.7355	2.0125-2.0145
S. Af (Cm)	3.9045-3.9210	2.1090-2.1120
S. Af (Fn)	5.0090-5.1490	2.7025-2.7780
Taiwan	52.75-53.00	28.60-28.70
U.A.E.	6.8010-6.8070	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Mar 11	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.853	3.078	236.0	10.47	2.543	3.460	2283	2.324	64.50
$	0.540	1	1.661	127.4	5.650	1.372	1.867	1232	1.254	34.81
DM	0.325	0.602	1	76.67	3.402	0.826	1.124	741.7	0.755	20.96
YEN	4.237	7.852	13.04	1000.	44.36	10.78	14.66	9674	9.847	273.3
F Fr.	0.955	1.770	2.940	225.4	10.	2.429	3.305	2181	2.220	61.60
S Fr.	0.393	0.729	1.210	92.80	4.117	1	1.361	897.8	0.914	25.36
H Fl.	0.289	0.536	0.890	68.21	3.026	0.735	1	659.8	0.672	18.64
Lira	0.438	0.812	1.348	103.4	4.586	1.114	1.516	1000.	1.018	28.25
C $	0.430	0.797	1.324	101.5	4.505	1.094	1.489	982.4	1	27.75
B Fr	1.550	2.873	4.772	365.9	16.23	3.943	5.364	3540	3.603	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

UK rates remain steady

INTEREST RATES were unchanged in London yesterday, as traders adopted a wait and see attitude ahead of next Tuesday's UK Budget. Three-month interbank money was unchanged at 9-8¾ p.c., as was the one year rate at 9⅛-9⅞ p.c.

Sterling's late improvement appeared to have little effect on rates since the authorities had made it clear that an early cut in base rates was not likely at the moment.

UK clearing bank base lending rate 9 per cent from February 2

Despite this, interest rates have shown a fall of nearly a quarter of a point over the week.

Weekend interbank money fell to a low of 7¼ p.c. during the morning but rose later to a high of 10 p.c., before finishing bid at 8 p.c.

The Bank of England forecast a shortage of around $100m, with factors affecting the market including, bills maturing in official hands together with a take up of Treasury bills adding £35m. The net outflow was caused by Treasury bills maturing in the market. This was the result of Treasury bills sold by the Bank earlier in the week, to mop up a surplus of liquidity. Exchequer transactions added a further £105m. In addition banks brought forward balances £45m above target.

The forecast was revised to a shortage of around £250m but the Bank gave no assistance in the morning. A further revision in the afternoon took the forecast back to a shortage of around £150m, and the Bank gave assistance of £33m through outright purchases of eligible bank bills in band 1 at 8⅞ p.c.

Sterling's recent strength filtered through to the weekly Treasury bill tender, where the average rate of discount fell to 8.5658 p.c., a fall of 0.2028 p.c. The £100m of bills on offer attracted bids of £394m against £748m for a similar amount the previous week. The minimum accepted bid was £97.855 compared with £97.805, and bids at that level were met as to about 51 p.c. and above in full after 3 p.c. the week before. All bills on offer were allotted.

Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar 11) 3 months US dollars		6 months US Dollars	
bid 6⅞	offer 6⅞	bid 6⅞	offer 7⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	8.50	One month	[illegible]
Broker loan rate	7.50	Two month	[illegible]
Fed funds	6½-⅝	Three month	[illegible]
Fed. funds at intervention	-	Six month	[illegible]
		One year	[illegible]
		Two year	[illegible]

Mar.11	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.20-3.30	3.30-3.45	3.30-3.45	[illegible]	[illegible]	[illegible]
Paris	7¼-7⅜	7¼-7⅜	7⅛-7⅛	[illegible]	[illegible]	[illegible]
Zurich	¼-½	1½-1⅝	-	[illegible]	[illegible]	[illegible]
Amsterdam	3⅞-4	3⅞-4	-	[illegible]	[illegible]	[illegible]
Tokyo	3.53125	3.96875	-	[illegible]	[illegible]	[illegible]
Milan	10½-10⅝	11⅛-11⅝	-	[illegible]	[illegible]	[illegible]
Brussels	6.20	6⅛-6⅛	-	[illegible]	[illegible]	[illegible]
Dublin	8¼-8½	8¼-8½	8⅛-8⅝	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Mar.11	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10	8⅝	8¼	[illegible]	[illegible]	[illegible]
Interbank Bid	7½	8	8⅛	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	8⅛	[illegible]	[illegible]	[illegible]
Local Authority Deps.	8	8⅛	8⅛	[illegible]	[illegible]	[illegible]
Local Authority Bonds	-	-	9	[illegible]	[illegible]	[illegible]
Discount Mkt. Deps.	9	8½	-	[illegible]	[illegible]	[illegible]
Company Deposits	-	8½	8⅞	[illegible]	[illegible]	[illegible]
Finance House Deposits	-	-	8⅞	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	-	-	8½	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	-	-	8½	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	-	-	9¼	[illegible]	[illegible]	[illegible]
Dollar CDs	-	-	6.70-6.65	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	-	-	5⅞	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	-	-	5⅞	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	-	-	6⅞	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	-	-	6⅞	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 8¼ per cent; three months 8⅞ per cent. Bank Bills (sell): one-month 8⅝ per cent; three months 8⅞ per cent. Treasury Bills: Average tender rate of discount 8.5658 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 29, 1988. Agreed rates for period March 26, 1988 to April 25, 1988, Scheme I: 10.45 p.c. Schemes II & III: 10.56 p.c. Reference rate for period Jan 30, 1988 to February 29, 1988, Scheme IV: 9.247 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ from March 1, 1988: Bank Deposit Rates for sums at seven days notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent, one-three months 8½ per cent; three-six months 8½ per cent; six-nine months 8½ per cent, nine-twelve months 8½ per cent; Under £100,000 7¼ per cent from June 26, 1988; Deposits withdrawn for cash 5.00 per cent.

LONDON STOCK EXCHANGE

BP trading dominates weak equity sector

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 22	Mar 3	Mar 4	Mar 14
Mar 7	Mar 17	Mar 18	Mar 28
Mar 21	Apr 7	Apr 8	Apr 18

*New time dealings may take place from 9.00 am two business days earlier.

THE LONDON stock market turned down sharply yesterday as investment caution ahead of next week's UK Budget was heightened by the overnight setback on Wall Street. Further upward pressure on sterling upset the blue chip exporting stocks, and the marketmakers were clearly determined to keep trading books level until Tuesday's Budget Speech is safely out of the way.

Equities opened nervously against the backcloth of Wall Street's 48 point fall but were sustained at first by heavy trading in British Petroleum shares. However, share prices began to fall smartly after midday, and, with New York undecided in early deals, London finished uncomfortably close to the FT-SE 1800 mark regained less than a fortnight ago.

The FT-SE 100 Index ended 23 points down at 1811.6, only slightly above the worst of the day. Losses were spread throughout the market, but the mood on the trading desks was by no means gloomy.

Statistics compiled by Salomon Bros, the US banking and trading house, suggest that the major institutions were again heavy buyers of UK equities. Based on deals of 10,000or more shares, Salomon's figures show a net inflow of £103.3m into equities yesterday, following inflow of £56.2m on Thursday and £6.7m on Wednesday, and outflows of £16.3m and £15.5m on Tuesday and Monday respectively.

Equity turnover showed another sharp increase to 688.2m shares through the Seaq system, but the figure was bloated by huge trading in BP shares which made up 27 per cent of the Seaq total. Turnover in other blue chip equities was moderate.

The excitement in British Petroleum shares reached a crescendo when the Kuwait Investment Office (KIO) disclosed that it has increased its stake from 19.53 per cent to 21.25 per cent of the BP equity, and will take the stake up to 22.5 per cent.

BP partly-paid shares eased 1½ to 81½p, on turnover of 82m shares, while in the fully-paid, a net fall of 3 to 274p followed huge turnover of 102m shares.

To reach its latest declared stake in BP, the KIO had to buy 101.5m shares, and will need a further 73.8m to reach 22.5 per cent.

FINANCIAL TIMES STOCK INDICES

	Mar 11	Mar. 10	Mar. 9	Mar. 8	Mar. 7	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	90.47	90.53	90.68	90.53	90.59	89.87	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.19 (3/1/75)
Fixed Interest	97.28	97.12	97.11	97.15	96.80	95.29	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1449.9	1472.3	1460.1	1457.7	1462.8	1583.9	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	248.6	249.7	248.0	242.2	242.5	340.1	497.5 (4/8/87)	234.0 (29/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.45	4.38	4.41	4.40	4.38	3.69				
Earnings Yld. % (full)	11.35	11.17	11.27	11.21	11.16	8.56				
P/E Ratio (net)(*)	10.75	10.92	10.83	10.90	10.95	14.32				
SEAQ Bargains (5pm)	29,874	28,632	27,697	29,438	31,964	48,407				
Equity Turnover (£m)	-	1641.29	1361.37	979.46	1111.11	1342.34				
Equity Bargains	-	31,899	32,280	32,429	36,755	57,276				
Shares Traded (ml)	-	536.0	448.1	436.5	464.6	-				

S.E ACTIVITY

Indices	Mar 10	Mar 9
Gilt Edged Bargains	120.6	139.5
Equity Bargains	206.7	209.2
Equity Value	3317.5	2751.7
5-Day average		
Gilt Edged Bargains	136.4	135.4
Equity Bargains	224.1	230.1
Equity Value	2630.2	2566.8

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1469.1	1465.1	1460.9	1460.2	1456.5	1449.2	1446.8	1449.9

Day's High 1469.1 Day's low 1445.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.64 † Correction

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

Most of the KIO's buying has taken place this week, and was preceded by heavy purchases of BP shares by UK, US and Japanese securities houses. Some trading houses appear to have been buying BP stock in anticipation of an increase in the KIO stake, and may have been disappointed that the Kuwait buyer did not aim for a 29.9 per cent holding, the maximum allowed without making a full takeover bid.

"We do not rule out the chances of the KIO going to 29.9 pc", said one of the market's more perceptive analysts. "It has always been the KIO's game to keep the market guessing".

However, the KIO said that it does not intend to take its BP stake beyond 22.5 pc.

The Government bond market received its expected tap stock in the form of £800m of 8¾ pc Treasury '94, 50 per cent paid and for tender on Wednesday. The maturity was shorter than some traders expected – although the short end has been uptapped for nearly a year – and long-dated issues turned round after the news to close a net ¼ up. Five year stocks, in the new tap bracket, remained about ¼ off.

Some surprise was expressed that the tap is not tax free to foreigners but traders took comfort from the tender date of the day after the Budget, which seemed to indicate that the authorities expect the Gilt-edged sector to be in good shape after hearing the speech from Mr Nigel Lawson, the UK Chancellor of the Exchequer.

The latest upward move in crude oil prices – April Brent moved back up to around the $15 a barrel level – and the impetus of the BP saga, triggered another round of heavy buying in the rest of the oil and gas sector.

Shell, on the "buy" lists of many of the major international securities houses, jumped ¼ to £10¼ on turnover of 8.2m shares. Enterprise outstanding in their own right earlier in the week when the discovery of the "Nelson" field was announced, rose 5 more to 347p on turnover of 2.8m. LASMO, on the eother hand dipped 11 to 316p, and Ultramar fell 7 to 244p.

Scottish & Newcastle went into reverse when bid speculation was deflated following events at a news conference in London yesterday. Mr John Elliott, chairman of Elders IXL, told reporters his group was not this week's mystery buyer of the shares and that its stake was still under 3 per cent.

The shares dipped but rallied from the lowest level in another busy trade to close 12 down at 281p, after 277p. Market operators were convinced, however, that a stake had been built up and there was evidence of the operation continuing yesterday. Anheuser-Busch, the US brewer, was named as a strong candidate with Sir Ron Brierley, the New Zealand entrepreneur with a disclosed 6.8 per cent holding in S & N, back in second place.

Beecham, one of the week's star performers, fell back sharply yesterday to close 16 lower at 475p following the expected favourable report on Eminase, the group's heart drug, in The Lancet, the medical journal.

The market had hoped that the group would, after publication of the article, give details of its prospective partner for marketing the drug in the US, but this information was not forthcoming.

British Aerospace fell 11 to 374p on a turnover of 3.2m, as the market digested the trading statement from Rover Group, the company it hopes to acquire from the Government. Rover closed 7 down at 78p.

British Aerospace stated yesterday that it hopes to sign a contract with a Japanese Airline worth around £100m for 10 BAE 146 short-haul airliners by the end of next week.

Standard Chartered, mauled on Thursday after Citicorp Scrimgeour increased its forecast of the bank's losses, and a poor performer all week after the changes of the senior management, staged a strong rally and touched 481p before closing 19 higher at 474p. There was talk in the market of a major bear squeeze as well as vague rumours of a possible bid from a far eastern banking group.

Life assurances continued to weaken on worries of tax reforms in Tuesday's budget. Turnover in Legal & General expanded sharply to 5.5m and the shares dipped 13 to 262p; the turnover figure included four trades of 250,000 apiece, carried out at prices 5p above the ruling level, which were subsequently cancelled. Legals are scheduled to report preliminary figures next Thursday.

Commercial Union added 5 at 321p on turnover of 5.4m, while in brokers Sedgwick jumped 8 to 213p, after 215p, on turnover of 3.5m after the appointment of David Rowland as chief executive. Mr Rowland came from Willis Faber, which announced the appointment of Roger Elliott as successor to David Palmer, the current chairman in October.

Analysts continued to recommend the Brewery majors for their strong defensive qualities and demand was aroused which helped buttress the sector. Closing losses were rarely more than a few pence with Whitbread "A" settling at 304p after news that is was to acquire the Gough Bros. off-licence chain from Seagrams Distillers for an undisclosed sum. Regional brewer Greenall Whitley advanced strongly on a late flurry of buying interest to close 18 up at 221p; earlier the stock had shown little response to a Morgan Grenfell "buy" recommendation. Macallan Glenlivet completed a good week, ending 5 up for a five-day rise of 45 to 630p. The latter's annual results are due on March 25.

Buildings, having failed to participate in Thgursday's advance, drifted lower still in the absence of buyinginterest. Blue Circle eased 2 to 458p, while Redland, amid vague rumours that the company may intervene in the C.H. Beazer/Koppers bid situation, gave up 4 to 421p. Beazer shaded to 187p on reports that the company may face litigation regarding its offer for Koppers. Steetley bucked the trend, rising 3 more to 333p still reflecting a recommendation from BZW, the securities house; Steetley's annual results are due on March 28. AMEC responded to recent overseas contract news with a gain of 2 at 365p, while brickmaker Ibstock Johnsen added 3 to 189p ahead of figures, due soon.

ICI were overshadowed by exchange rate movements and closed ¼ down at £10¾. Laporte were similarly affected at 378p, down 7, while Croda Deferred came off 9 to 192p. Sequa made fresh progress on demand ahead of next Thursday's annual results and closed 10 higher at 265p.

The stores sector showed a majority of losses but these were mostly of a minor nature. Dixons, on a turnover of 2.8m, dipped 5 to 185p, after 182p. Storehouse gave up 7 to 237p and Woolworths 4 to 281p. Coats Viyella, which came out with preliminary profits a shade below highest forecasts earlier in the week, dipped 16 to 242p reflecting currency factors.

The leading electronics issues ended the week on a subdued note with turnover much reduced from the previous four days. British Telecom were little changed at 250p, after 248p, on turnover of 6.8m but traders remained nervous over the $15 bn law suit filed against Mitel, the company's subsidiary.

Plessey, one of the week's most active stocks after announcing the proposed acquisition of Canada's Leigh Instruments for £40m, lost 3 to 166p on turnover of 3.5m. Dubilier, boosted by the recent disposal for £33m of its Beswick subsidiary, edged up 3 to 154p.

MS International spurted 15 to 137p in the wake of the increased "and final" bid from Dobson Park which values the company at £33m. Dobson is offering 130p in cash per MS share. Dobson also revealed it had acquired a further 17 per cent of MS shares in the market paying 130p a share and that it now speaks for 29.2 per cent of the issued capital. The bid was quickly rejected by the MS board.

Thomas Robinson advanced 11 to 451p as analysts upgraded their profits forecasts after the 75 per cent jump in profits announced on Thursday.

Leading Foods sustained moderate losses with Cadbury Schweppes falling 5 to 258p and Dalgety losing 8 at 391p. Hillsdown shed 10 to 286p on further consideration of the recent results, but Tate and Lyle, in which the former holds a 5 per cent stake, edged up 5 to 845p. United Biscuits gave up 5 to 266p as bid speculation subsided and Ranks Hovis McDougall shed a similar amount at 322p.

Kennedy Brookes, sharply higher on Thursday following a bid approach, tacked 28p prior to closing a shade dearer at 391p pending developments; latest rumours suggest Trusthouse Forte as the bidder, with talk of an offer pitched at 450p per share. THF settled 8 lower at 231p.

BTR came under selling and pressure and closed 7 lower at 253p; the annual results are due next Thursday. Glaxo, ¼ lower £10½ were unsettled by currency influences; Glaxo's half-year figures are due on Monday and securities house Kleinwort Grieveson are forecasting £385m. Reuters gave up 16 at 526p and BOC shed 8 to 386p, but Hepworth Ceramic, reporting soon, attracted occasional buying interest in the wake of a recent Smith New Court recommendation and firmed 7 to 253p. Annual profits at the top of market estimates failed to sustain T & N which shed 8 to 191p.

Lucas Industries, the Motor sector's brightest star over the past few weeks, reacted quite violently to and close 23 down at 621p. Currency considerations outweighted Citicorp Scrimgeour Vickers advice that Jaguar "now offer an opportunity to the brave investor ahead of the annual figures on March 16", and the shares lost 9½ to 319½p. Among Distributors, Lookers were said by an investment house to look cheap since being quoted ex the scrip issue and rose 15 to 160p.

Reed International suffered as speculative holders reduced their trading positions, falling 11 to 414p, but United Newspapers maintained a firm stance in front of the preliminary results, due on March 30. Elsewhere, Wace gave up 8 at 235 and Saatchi & Saatchi drifted back 8 to 426p. Against the trend, WPP gained 5 to 534p and Gibbons Lyons rose 10 to 145p.

Properties held up well, the leaders barely changed at the close of business. Among second-line issues, Westminster and Country featured with a gain of 13 at 163p, while Egerton Trust revived with an improvement of 17 at 230p. Bredero firmed 5 to 195p ahead of the results due on March 21.

Sterling/dollar influences beset Courtaulds, down 12 at 317p, and also other Textile concerns. Tootal encountered profit-taking after the recent good run and closed 5¼ lower at 115½p while Allied shed 7 to 373p.

Several miscellaneous Financial issues moved against the trend, Berkley Govett rising 12 to 175p and Centreway Trustresuming its forward momentum to end 10 up at 182p. Antofagasta responded further to the increased full-year profits with a gain of 10 to 237p while Parrish recovered 15 to 250p. "Investing in Success" Equities firmed 5 to 143p after the latest trading results.

BP continued to dominate the traded options market. There was heavy turnover in the April 260's and April 280's, the former category attracting 4,814 calls and 2,922 puts. Total calls in BP amounted to 10,727; puts came out at 4,716. British Gas registered 1,345 calls and 750 puts, while Hanson attracted 1,290 calls and 782 puts. The FTSE contract attracted 893 calls and 989 puts.

LONDON TRADED OPTIONS

Option	Calls	Puts
Allied Lyons	[illegible]	[illegible]
Brit. Airways	[illegible]	[illegible]
Brit. & Comm.	[illegible]	[illegible]
B.P.	[illegible]	[illegible]
Bass	[illegible]	[illegible]
Cable & Wire	[illegible]	[illegible]
Cons. Gold	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]
Com. Union	[illegible]	[illegible]
British Gas	[illegible]	[illegible]
G.E.C.	[illegible]	[illegible]
G.K.N.	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]
I.C.I.	[illegible]	[illegible]
Land Securities	[illegible]	[illegible]
Marks & Spencer	[illegible]	[illegible]
Rolls-Royce	[illegible]	[illegible]
STC	[illegible]	[illegible]
Sainsbury	[illegible]	[illegible]
Shell Trans.	[illegible]	[illegible]
Storehouse	[illegible]	[illegible]
Trafalgar House	[illegible]	[illegible]
T.S.B.	[illegible]	[illegible]
Woolworth	[illegible]	[illegible]
LASMO	[illegible]	[illegible]
P. & O.	[illegible]	[illegible]
Pilkington	[illegible]	[illegible]
Plessey	[illegible]	[illegible]
Prudential	[illegible]	[illegible]
Racal	[illegible]	[illegible]
R.T.Z.	[illegible]	[illegible]
Vaal Reefs	[illegible]	[illegible]
Amstrad	[illegible]	[illegible]
Barclays	[illegible]	[illegible]
Beecham	[illegible]	[illegible]
Boots	[illegible]	[illegible]
BTR	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]
Dixons	[illegible]	[illegible]
Glaxo	[illegible]	[illegible]
Hawker Sidd.	[illegible]	[illegible]
Hanson	[illegible]	[illegible]
Lonrho	[illegible]	[illegible]
Midland Bk	[illegible]	[illegible]
Sears	[illegible]	[illegible]
Tesco	[illegible]	[illegible]
Thorn EMI	[illegible]	[illegible]
Trusthouse Forte	[illegible]	[illegible]
Unilever	[illegible]	[illegible]
Wellcome	[illegible]	[illegible]
Brit Aero	[illegible]	[illegible]
BAT Inds	[illegible]	[illegible]
Brit. Telecom	[illegible]	[illegible]
Cadbury Schweppes	[illegible]	[illegible]
Guinness	[illegible]	[illegible]
Ladbroke	[illegible]	[illegible]
Conv. 9½% 2005	[illegible]	[illegible]
Tr. 12% 1995	[illegible]	[illegible]
Tr. 11¾% 03/07	[illegible]	[illegible]
FT-SE Index	[illegible]	[illegible]

March 11 Total Contracts 30,998 Calls 20,034 Puts 10,964 FT-SE Index Calls 893 Puts 989 *Underlying security price.

Traditional Options

- First dealings Feb 29
- Last dealings Mar 11
- Last declarations Jun 2
- For Settlement Jun 13

For rate indications see end of London Share Service

Money was given for the call of Helene of London, BP partly-paid, Beecham, Inoco, Scottish & Newcastle, SI Group, Jantar, Amstrad, Premier Consolidated Oil, Hicking Pentecost, Tarmac and Charterhall. A put was transacted in Tyson while doubles options were arranged in BP and Helene of London.

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (2). BUILDINGS (1) Persimmon, TEXTILES (1) Richards.

NEW LOWS (11). CANADIANS (1) ABM Gold, ELECTRICALS (3) Murray Electronics, Ross, TACE, FOODS (1) Lees (John J.), INDUSTRIALS (2) AAH, Ungroup, INSURANCE (1) Bryant (Derek), TRUSTS (3) Clydesdale Inv Tst, Tyndall Hldgs, MINES (1) Indo Pacific.

LONDON STOCK EXCHANGE

DEALINGS

Corporation and County Stocks

UK Public Boards No. of bargains included10

Commonwealth–Government

Foreign Stocks, Bonds, etc–(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Insurance

Investment Trusts

Unit Trusts

Financial Trusts, Land, etc

Mines – Miscellaneous

Mines – South African

Oil

Property

Plantations

Railways

Shipping

Utilities

Water Works No. of bargains included6

Bournemouth & District Water Co3.5%(Fmly 5%)Cons Ord Stk – £190 (4Mr88)
Bristol Waterworks Co3.5%(Fmly 5%)Max Ord Stk – £155 (7Mr88)
Cambridge Water Co10% Red Deb Stk 96/98 – £98½ (4Mr88)
Eastbourne Waterworks Co10¼% Red Deb Stk 95/97 – £97 (9Mr88)

USM Appendix

The Third Market Appendix

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

America Barrick Resources Corp Com NPV C$28¼◆28⅜◆28⅝◆ (9/3)
Ampol Expln. A$2.969 (9/3)
Amsterdam Rotterdam Bank FL66½,66.6
Aurochs Inv Co (SA) R3½ (8/3)
Aust. Development A$1.7
Aust. Oil & Gas 29 A$2.641
Ballarat Goldfields 18½
Banner Inds $14.622◆ (9/3)
Basic Resources (Bahamas) 25½ (4/3)
Beverly Enterprises 405
Black Hill Minerals 2½◆2¾ (4/3)
Brascan A £11¾◆
British Columbia Forest Products 825◆ (9/3)
Central Norseman A$1.06
City Developments S$2.836
Conex Aust $0.03◆
Daicel Chemical Industries Y828.435
Development Bank of Singapore HK$10.40◆ (8/3)
Devex A$0.38◆ (9/3)
Du Pont $86.04◆86.29◆ (4/3)
Eastcourt Ord 20 (4/3)
Equity Silver Mines 225◆235 (9/3)
Eurocan Ventures 15 (8/3)
Forest Laboratories $20¼◆20.39◆ (8/3)
Free State Cons Gold Mines $11⅝ R30½,31,31¼
Golconda Minerals 12½◆12½ A$0.301
Great Eastern Mines 14 A$0.281 (8/3)
Greenbushes A$0.867 (9/3)
Groupe Bruxelles Lambert BFR3145½ (7/3)
Hang Lung Development 34½
Haoma North West 2◆ (4/3)
Harland (John H) Co £12.30 (8/3)
Hexcel Corp $46¼◆ (7/3)
Hk-tvb HK$13.65,13.80 (8/3)
Hooker Corp A$2.268 (7/3)
Int Mining A$0.121 (8/3)
Jardine Matheson Finance Warrants 40 (9/3)
Jimberlana Minerals 5 (9/3)
Jones (David) 265 A$6.552
Kerr Addison Mines C$18 (4/3)
Keystone International $18½◆18⅝◆18⅞◆ (9/3)
Kollmorgen Corp 692◆ (9/3)
Kreditkassen NKR106◆130◆ (4/3)
Kuala Sidim Rubber 25
Kulim Malaysia Ord 19◆
Kulim Malaysia Ord (Malay Ord) S$1.0 (4/3)
Matsushita Electric Industrial Y2560,2570
Mid-East Minerals 24 A$0.416 (9/3)
Mitsubishi Heavy Inds Y661.34 (9/3)
Murray & Roberts Hldgs R14,14.10 (8/3)
National Electronics (Consolidated) 6 (7/3)
Nationale-Nederlanden CVA FL59.6◆59.8◆60.1◆ £16.8 $31.2 FL58.6,59
New Town (N.T.) Properties HK$4.71675 (8/3)
New Zealand Goldfields 20◆
Nexus Resources 72◆ (9/3)
Nicron Resources 8¼◆8 (4/3)
Night Hawk Resources 33◆ (4/3)
Niugini Mining A$12.4
North Flinders Mines 230
Oil Search 42◆38,40
Oilmet 7,8 (7/3)
Overseas Chinese Banking Corp 162 (4/3)
Palabora Mining 537½◆ (8/3)
Pilgrim C$0.09 (8/3)
Pioneer Electronic Y3300
Plenty River Mining Co 3½◆ (4/3)
Poseidon A$2.658◆2.628,2.658,2.68
Quaker State $23¾,24⅝ (4/3)
Rea Gold Corp C$3.3 (9/3)
Sappi Ltd 398◆ (8/3)
Selangor Coconuts 30 (8/3)
Sensormatic Electronics 530
Sky Line Explortn C$10.0◆
Societe Nationale Elf Aquitaine FR263,½,4,5,6,6.4,8
Sonora Gold 280 (9/3)
Source Perrier FR596◆583.70,90,95 (8/3)
Southwest Gold Mines 3¼,3¾ (4/3)
Stirling Petroleum 1◆ (8/3)
Sumitomo Metal Industries Y344 (4/3)
Sun Hung Kai Co HK$1.01 (9/3)
Sun Hung Kai Properties HK$9.7◆9.95,10.1
Target Petroleum Ord 25◆19 (9/3)
Target Petroleum 8◆ (9/3)
Vaillant Consolidated 4½◆ A$0.091
Victoria Exploration 4½ A$0.091 (8/3)
Village Main Reef 95 (9/3)
Vultan Minerals A$0.442 (4/3)
Westralian Sands 53
Wharf Hldgs HK$7.15◆6.925,6.95
Zanex A$0.04,0.05 (9/3)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Jennings Bros 210,5 (7/3)
Kleinwort Benson (Guernsey) Intl. Inc. Bond 569.25
Le Riches Stores 400 (7/3)
Martindale (Ralph) 355 (9/3)
MIM Britannia American Equity Inc. 109.4 (9/3)
Sinclair Research 65 (4/3)
Southern Newspapers 310,25 (7/3)
Thwaites (Daniel) 750,5 (4/3)
Weetabix A 370,80 (9/3)
Wolverhampton Racecourse 280 (9/3)
Wynnstay Props 145¼

By Permission of the Stock Exchange Council

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday March 10 1988

[illegible]	[illegible]	[illegible]	[illegible]
Telephone Networks	+ 11.03	Other Industrial Materials	+ 5.27
Property	+ 11.21	Packaging & Paper	+ 5.02
Conglomerates	+ 10.79	Electricals	+ 4.80
Overseas Traders	+ 9.88	Food Manufacturing	+ 4.24
Oil & Gas	+ 9.82	Banks	+ 4.09
Building Materials	+ 9.78	Insurance (Life)	+ 2.70
Brewers and Distillers	+ 9.93	Textiles	+ 2.12
Capital Goods	+ 9.05	Chemicals	+ 1.70
Other Groups	+ 8.37	Stores	+ 1.20
500 Share Index	+ 8.29	Mining Finance	+ 0.65
Industrial Group	+ 8.10	Insurance (Brokers)	- 1.44
All Share Index	+ 8.04	Gold Mines Index	- 17.35

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	6	94	14	239	278	53
Corporations, Dom. and Foreign Bonds	3	20	28	65	68	123
Industrials	258	564	735	1,978	2,149	3,663
Financial and Props	76	253	313	642	931	1,637
Oils	21	34	54	119	155	271
Plantations	0	0	13	9	8	48
Mines	68	44	89	335	261	409
Others	37	121	107	266	536	525
Totals	469	1,130	1,353	3,653	4,386	6,729

BANK RETURN

BANKING DEPARTMENT	Wednesday March 9, 1988	Increase (+) or decrease (-) for week
	£	£
LIABILITIES		
Capital	14,553,000	
Public Deposits	78,072,882	- 2,005,422
Bankers Deposits	1,151,808,319	+ 140,733,082
Reserve and other Accounts	2,483,151,293	+ 543,407,890
	3,727,585,494	+ 682,135,550
ASSETS		
Government Securities	687,115,027	- 69,938,151
Advance and other Accounts	745,963,489	- 153,537,104
Premises Equipment & other Secs	2,290,137,580	+ 905,736,808
Notes	4,044,249	- 155,974
Coin	325,139	+ 29,971
	3,727,585,494	+ 682,135,550
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	13,345,955,751	+ 20,155,974
Notes in Banking Department	4,044,249	- 155,974
	13,350,000,000	+ 20,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	3,475,344,501	+ 1,949,034,601
Other Securities	9,863,640,399	- 1,929,034,601
	13,350,000,000	+ 20,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	9	Citibank NA	9	Nat Bk. of Kuwait	9
Adam & Company	9	City Merchants Bank	9	NatWestminster	9
AAB - Allied Arab Bk	9	Clydesdale Bank	9	Northern Bank Ltd	9
Allied Irish Bank	9	Comm. Bk. N. East	9	Norwich Gen. Trust	9
American Exp. Bk	9	Consolidated Cred	9	PK Finans. Int(UK)	9½
Henry Ansbacher	9	Co-operative Bank	*9	Provincial Bank PLC	10
ANZ Banking Group	9	Cyprus Popular Bk	9	R. Raphael & Sons	9
Associates Cap Corp	10	Dunbar Bank PLC	9	Roxburghe G'rantee	10
Authority Bank	9	Duncan Lawrie	9	Royal Bk of Scotland	9
B & C Merchant Bank	9	Equatorial Bank plc	9	Royal Trust Bank	9
Banco de Bilbao	9	Exeter Trust Ltd	9½	Smith & Williamson Secs.	9
Bank Hapoalim	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd.	9½	TSB	9
Bank Credit & Comm	9	● Robert Fleming & Co.	9	UDT Mortgage Exp.	§10.2
Bank of Cyprus	9	Robert Fraser & Ptrs.	10	United Bk of Kuwait	9
Bank of Ireland	9	Girobank	9	United Mizrahi Bank	9
Bank of India	9	Grindlays Bank	9	Unity Trust Bank Plc	9
Bank of Scotland	9	● Guinness Mahon	9	Western Trust	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Westpac Bank Corp.	9
Barclays Bank	9	● Hambros Bank	9	Whiteaway Laidlaw	9½
Benchmark Bank PLC	9	Heritable & Gen Inv Bk	9	Yorkshire Bank	9
Berliner Bank AG	9	● Hill Samuel	§9		
Brit Bk of Mid East	9	C. Hoare & Co.	9		
● Brown Shipley	9	Hongkong & Shangh	9		
Business Mtge Tst	9	Lloyds Bank	9		
CL Bank Nederland	9	Meghraj Bank Ltd	9		
Central Capital	9	Midland Bank	9		
● Charterhouse Bank	9	● Morgan Grenfell	9		
		Mount Banking Corp.	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4.00% Sovereign 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 4.00%. Mortgage 9.625% - 10%

EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	Last	Aug. 88 Vol	Last	Nov. 88 Vol	Last	Stock
GOLD C	$460	125	9 A	259	19	16	27	$441.40
GOLD C	$480	10	4 A	3	11.30	-	-	$441.40
GOLD P	$400	-	-	40	4.60	-	-	$441.40
GOLD P	$420	310	4.50	53	8.50	-	-	$441.40
GOLD P	$440	76	9.90	-	-	-	-	$441.40
		Mch. 88		Apr. 88		May 88		
EOE Index C	Fl. 185	12	18	2	19	10	18.50	Fl. 202.59
EOE Index C	Fl. 190	148	13	-	-	3	14.60	Fl. 202.59
EOE Index C	Fl. 195	118	8.50	-	-	-	-	Fl. 202.59
EOE Index C	Fl. 200	61	4.80	141	8.80	101	10.50 A	Fl. 202.59
EOE Index C	Fl. 205	159	2	23	6.20	3	8	Fl. 202.59
EOE Index C	Fl. 210	-	-	62	4.20 A	10	5	Fl. 202.59
EOE Index P	Fl. 175	-	-	10	1.10	-	-	Fl. 202.59
EOE Index P	Fl. 180	-	-	13	1.80	-	-	Fl. 202.59
EOE Index P	Fl. 185	41	0.40	41	2.50	57	4.50	Fl. 202.59
EOE Index P	Fl. 190	12	0.50	58	3.80 A	15	6.40	Fl. 202.59
EOE Index P	Fl. 195	211	1.40 A	67	5.60 A	8	8.50	Fl. 202.59
EOE Index P	Fl. 200	131	2.70	268	7.50	101	11.50	Fl. 202.59
EOE Index P	Fl. 205	71	5	27	9.40	36	13.50	Fl. 202.59
EOE Index P	Fl. 210	-	-	210	13	-	-	Fl. 202.59
£/Fl C	Fl. 335	101	10	-	-	-	-	Fl. 346.42
$/Fl C	Fl. 180	-	-	20	7.30	-	-	Fl. 186.90
$/Fl C	Fl. 185	17	2.20	21	3.50	-	-	Fl. 186.90
$/Fl C	Fl. 190	57	0.30 B	228	1.30	-	-	Fl. 186.90
$/Fl P	Fl. 180	100	0.10	-	-	-	-	Fl. 186.90
$/Fl P	Fl. 185	1033	0.60	205	2.50	120	3.20	Fl. 186.90
$/Fl P	Fl. 190	168	3.40	2	5	-	-	Fl. 186.90
$/Fl P	Fl. 205	35	19	-	-	-	-	Fl. 186.90
		Apr. 88		Jul. 88		Oct. 88		
ABN C	Fl. 40	276	1.60 B	56	2.20	51	3	Fl. 40.70
ABN P	Fl. 40	117	1.10	32	2.60	-	-	Fl. 40.70
AEGON C	Fl. 70	167	2.60	43	4 B	2	5	Fl. 70.20
AEGON P	Fl. 65	36	1.50	-	-	2	4.80	Fl. 70.20
AHOLD C	Fl. 75	9	3.30 B	13	5	-	-	Fl. 75.50
AKZO C	Fl. 100	411	6.10	151	8	7	10.10	Fl. 103.30
AKZO P	Fl. 100	33	2.80 A	57	8.40 A	26	9.70	Fl. 103.30
AMEV C	Fl. 55	27	1.90	436	3.10	28	3.80	Fl. 51.90
AMEV P	Fl. 50	57	2.40	35	4	-	-	Fl. 51.90
AMRO C	Fl. 70	5	0.70	71	1.50	203	2.40	Fl. 65.90
AMRO P	Fl. 55	-	-	-	-	176	2.10	Fl. 65.90
ELSEVIER C	Fl. 50	197	2.10	106	3.50	113	4.90	Fl. 49.90
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS : 30,602

A=Ask B=Bid C=Call P=Put

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6905/4/5

Scimitar Global Gth Ac	28.9	30.8	+0.2	—
Do. Income	28.7	30.6	+0.2	0.19
Scimitar European Acc	21.1	22.5	—	—
Do. Income	21.1	22.5	—	0.11
Scimitar UK Eq Inc Acc	35.5	38.2	-0.3	—
Do. Income	33.5	35.7	-0.3	5.34
UK Cap Gth Acc	24.8	26.2	—	0.75
Scimitar Pac Basin Acc	29.8	31.8	+0.2	—
Scimitar Mngd Exempt	141.4	147.3	—	—

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 1050

Intnl Income Units	128.8	137.0	—	3.32
Intnl Accum Units	197.4	210.0	—	3.32
UK General Acc	38.7	41.1	+0.1	3.38
UK General Inc	37.2	39.8	+0.1	3.38
American	27.5	29.2	-0.5	2.15
European	34.7	37.1	+0.1	1.26
Japan	56.1	60.0	+0.2	0.03
Technology	35.2	37.6	-0.5	2.29
Performance Trusts				
Far East Perf Tst	18.3	19.6	-0.1	2.08
High Inc Perf Tst Inc	24.4	26.1	+0.2	5.36
High Inc Perf Tst Acc	24.9	26.6	+0.2	5.36
Worldwide Tech Perf Tst	28.4	30.4	—	2.71

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK)	211.6	226.4	+0.1	2.60
Columbus (US)	129.0	138.0	-2.5	1.99
Marco Polo (Pac)	210.7	225.4	-1.6	0.20
Da Vinci (Eur)	224.3	239.9	+0.9	1.69
Drake (Ww)	52.9	56.6	—	2.78

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	206.0	219.2	-0.1	2.92
UK Smlr. Cos. Equity	212.1	225.7	+0.5	1.90
UK Special Situations	61.2	65.2	-0.1	2.92
Income Plus	52.7	56.1	+0.1	5.45
European	160.8	171.1	-0.4	1.49
Far Eastern	51.9	55.3	-0.3	2.10
Japanese	53.5	57.0	-0.3	—
North American	111.6	118.8	-0.3	1.33
International Growth	107.0	113.9	-0.3	1.18
Worldwide Venture	53.2	56.6	-0.2	4.06

Scottish Provident Inv. Mgt. Ltd
6 St Andrew Sq, Edinburgh 2 031-558 2341/2/3

Equity Growth Tst Acc	17.77	19.02	+0.04	2.97
Equity Growth Tst Inc	17.77	19.02	+0.04	2.97
Intl Growth Tst Acc	17.75	19.00	-0.27	1.58
Intl Growth Tst Inc	17.75	19.00	-0.27	1.58
Global Income Tst Acc	18.81	20.13	-0.06	5.46
Global Income Tst Inc	18.81	20.13	-0.06	5.46
Market Leaders Tst Acc	16.66	17.83	-0.05	2.97
Market Leaders Tst Inc	16.43	17.59	-0.05	2.97

Scottish Unit Managers
48 Melville Street, Edinburgh EH3 7HF 031-226 4372

Pacific Fund (z)	79.0	83.9	-0.5	0.00
Income Fund	53.7	57.1	+0.2	4.97
European (z)	34.1	36.2	+0.1	1.25
Nth American (z)	27.9	29.7	-0.4	0.83
Intl Growth Fund	436.8	464.6	-0.5	1.54
Gwth & Recovery	47.1	50.0	—	2.50

Scottish Widows' Fund Management
PO Box 902, Edinburgh EH16 5BU 031-668 3724

Peg Eq Acc	322.9	343.6	+1.2	3.53
Peg Eq Inc	271.2	288.6	+1.0	3.53
Peg High Inc Acc	162.0	172.4	+0.3	4.59
Peg High Inc	152.2	162.0	+0.2	4.59
Peg Europe Acc	119.5	127.2	+4.2	1.52
Peg Europe Inc	118.4	126.0	+4.2	1.52
Peg N. Amer	89.2	95.0	+0.8	1.51
Peg N. Amer Inc	87.5	93.1	+0.8	1.51
Peg Pacific Acc	228.1	242.8	+0.6	—
Peg Global Acc	124.4	132.4	+0.3	2.34
Peg Global Inc	121.8	129.7	+0.3	2.34

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY 01-638 6011
Dealing: 01-628 6626

American Majors	54.3	58.2	-0.8	0.00
Amer Tech & Genl Fd	84.5	90.5	-0.7	0.00
European Growth	30.2	32.4	-0.1	0.00
European Income	49.2	52.8	-0.3	1.64
European Special Sits	21.1	22.6	+0.00	0.00
Exempt	709.0	758.1	-8.7	1.40
Far East Emerg Econs	23.0	24.7	+0.1	0.06

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-606 4355

TUUT Mar 1	212.5	223.7	—	3.22

Triton Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Triton General	147.2	158.3	-0.3	1.56

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N [illegible]

Convertible & General	59.1	62.7	+0.2	6.35
Accum Units	60.8	64.5	+0.2	—
Income	80.9	85.8	+0.4	4.37
Accum Units	80.9	85.8	+0.4	—
Smaller Co's	82.5	83.5	-1.6	1.85
Accum Units	85.4	88.4	-1.7	—
UK Growth	85.2	90.3	-1.1	2.24
Accum Units	86.3	91.5	-1.1	—
Pacific Gold Tst Acc	47.6	50.5	—	—

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40053

British Growth Fd	60.2	64.1	+0.2	1.87
Technical Analysis Fd	51.2	54.5	-0.1	3.39

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 4064
Advisors: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	180.5	192.0	—	3.58
Friars Hse Inc Fd	152.7	168.7	—	5.40

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, EC. 01-534 5544

United Charities	172.6	184.1	+0.6	4.36

Vanguard Trust Managers Ltd (z)
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Glenfinlas	183.7	195.9	-1.2	1.48
(Accum Units)	185.8	197.7	-1.3	1.48
Far East & Gen	53.7	57.1	-0.2	—
(Accum Units)	53.7	57.1	-0.2	—
Master Portfolio	66.712	68.423	+0.199	3.07
(Accum Units)	68.561	70.319	+0.204	3.07
American & Gen	55.3	58.8	-0.9	1.85
(Accum Units)	56.1	59.7	-0.7	1.85
Growth	213.3	226.9	+2.0	2.03
(Accum Units)	321.7	342.2	+1.4	2.03
High Yield	271.5	288.8	+0.8	4.53
(Accum Units)	291.2	309.8	+0.9	4.53
Special Sits	52.6	56.0	+0.3	1.92
(Accum Units)	54.3	57.8	+0.2	1.92
Trustee	161.6	171.9	+0.6	4.34
(Accum Units)	260.0	276.4	+0.5	4.34
European Fund Inc	36.3	38.6	+0.2	0.66
(Accum Units)	36.5	38.8	+0.2	0.66

Wardley Unit Trust Managers Ltd (a)
99, Bishopsgate, London, EC2P 2LA 01-374 0861

American Tst	51.2	54.7	-1.1	1.4
Int'l. Growth Tst	64.2	68.9	-1.6	0.4
Income Tst	117.7	124.3	-1.3	5.3
Japan Growth Tst	174.7	186.9	-0.8	0.1
Pacific Perf. Tst	117.4	124.3	-1.3	0.4
Small Cos. Tst	137.2	146.7	-0.3	1.6
Tokyo Tst	31.9	34.1	-0.7	0.1
Australia Tst	45.2	48.4	-0.2	1.2
UK Trust	162.4	171.9	—	2.6
European Growth Tst	40.3	42.6	-0.6	0.1
Hong Kong Tst	24.0	25.6	—	1.3
Intl Income Tst	20.5	21.8	-0.2	6.5
Singapore & Mlysa Gwth	18.1	19.2	—	1.0
British Winners	26.5	28.1	—	3.8

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	17.4	18.5	+0.2	0.2
Pacific Basin	21.5	22.9	—	0.1
Canadian Balanced Gwth	47.5	50.5	-0.4	0.0
Global Mins.	100.6	104.8	+0.1	8.6
Penny Share	27.2	28.9	-0.1	0.5

Wellington Fund Mngrs Ltd
Hibernia Chmbrs, 2, London Bridge, SE1 01-403 5108

Wellington Income	110.0	117.1	—	4.66
Wellington Growth	166.4	177.0	—	1.07

Whittingdale Unit Trust Management Ltd
2 Honey Lane, London EC2V 8BT 01-606 3139

Challenger Fund	52.7	55.8	-0.2	—
Short Dtd Gilt Fd	76.6	77.8	-0.1	—
U.S. Govtmt Bond Fd	0.529	0.532	—	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Growth Tst	78.2	83.2	+0.3	3.29

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assur.	380.7	400.9	----	–
Eb'r Ph. Eq.	316.0	337.6	----	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	166.4	175.1	+0.6	–
International Acc.	125.4	132.0	–1.6	–
Property Acc.	125.5	132.1		–
Fixed Interest Acc.	155.3	163.4	–0.4	–
Money Acc.	137.0	144.2	+0.1	–
Bldg. Soc. Link Acc.	134.1	141.1	+0.1	–
Special Mngd. Acc. Q	146.7	154.4	–0.2	–
Phoenix/Framlington				
Intnl. Growth Acc.	89.3	93.9	+0.7	–
Amer. & Gen. Acc.	82.5	86.8	+0.1	–
Capital Tst. Acc.	175.3	184.5	----	–
Japan & Gen Acc.	176.3	185.5	–0.2	–
American Tom. Acc.	84.5	88.9	+0.3	–
Recovery Tst. Acc.	172.5	181.5	----	–
Special Mngd Acc.	143.6	151.1	–0.2	–
Phoenix/GT				
International Acc.	121.5	127.9	–0.5	–
US & General Acc.	91.2	96.0	–0.3	–
Amer Spec Sits Acc.	66.9	69.3	–0.1	–
Japan & General Acc.	173.0	182.1	–0.6	–
Far East & Gen. Acc.	136.5	143.6	–0.5	–
UK Capital Acc.	171.5	180.5	+0.1	–
European Acc.	134.1	141.1	+0.9	–
Special Mngd. Acc.	125.0	131.5	----	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	266.0	280.1	----	–
Man Pens Inc & Cap Fds.	340.1	358.1	----	–
Money Fund	111.5	117.4	----	–
Pens Mngd Fd (Init)	85.3	89.8	----	–
Pens Mngd Fd (Acc)	96.0	101.1	----	–
Pens FT30 Fd (Init)	129.6	136.5	----	–
Pens FT30 Fd (Acc)	145.8	153.5	----	–

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Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222
Prufund

Managed Mar 9	197.9	206.2	----	–

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd.	436.6	459.6	–0.6	–
Equity Fd.	893.5	940.6	+1.5	–
Intnl. Fd.	302.0	317.9	–2.5	–
Fixed Int. Fd	366.2	385.5	–1.2	–
Prop. Fd.	306.1	322.3	----	–
Cash Fd	234.7	247.1	+0.1	–
Pacific Basin Fd	166.0	174.8	–0.9	–
North American Fd	124.6	131.2	–2.0	–
European Fd.	130.4	137.3	–0.9	–
Holborn Balanced Gwth Fd.	100.0	105.3	–0.1	–
Holborn Strategic Gwth Fd.	98.8	104.1	----	–

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	467.8	492.5	+0.5	–
Equity	671.6	707.0	+3.1	–
Global Equity	192.4	202.6	–1.4	–
Fixed Interest	375.5	395.3	----	–
Property	307.2	323.4	+0.1	–
Cash	138.1	145.4	----	–
Index Linked Gilt	163.4	172.1	–0.3	–
Guaranteed	8.68	–	----	–
International Money	182.5	192.2	–0.1	–
North American Fd.	55.4	58.4	+1.1	–
Japanese Fund	119.4	125.7	+0.6	–
European Fund	69.1	72.8	+0.4	–
Special Situations Fd	96.9	102.1	+0.1	–
Communications Fund	80.8	85.1	+0.2	–
Smaller Cos Fund	99.1	106.6	+0.2	–

Prudential Pensions Limited

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987/88 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102¼	[illegible]	Exch 10¼pc '88	[illegible]	......	10.48	8.85
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]	[illegible]	9.74	8.85
98¼	[illegible]	Transport 3pc '78-88	[illegible]	......	3.04	6.92
101¾	[illegible]	Treas. 9½pc '88	[illegible]	[illegible]	9.48	9.05
[illegible]	101	Treas 11½pc 1989	102	......	11.26	9.02
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	[illegible]	9.46	9.04
[illegible]	89¼	Treas 3pc 1989	96	......	3.12	6.43
104¾	[illegible]	Treas 10¼pc 1989	101	[illegible]	10.34	9.11
103	98½	Exch 10pc 1989	101	[illegible]	9.89	9.09
105¼	100	Exch 11pc 1989	102	[illegible]	10.72	9.10
[illegible]	89	Treas 5pc 1986-89	96	......	5.20	7.54
108	[illegible]	Exch 10¼pcCv '89	103¼	[illegible]	9.88	7.77
111	104	Treas 13pc 1990‡‡	106	[illegible]	12.21	9.05
106¼	100	Exch 11pc 1990‡‡	103	[illegible]	10.66	9.14
110	103	Exch. 12¼pc 1990	106	[illegible]	11.79	9.17
[illegible]	84¼	Treas. 3pc 1990	92	[illegible]	3.25	6.87
100	93	Treas 8¼pc 1987-90‡‡	98	[illegible]	8.35	8.84
101	98	Treas. 8pc Cv 1990	101	[illegible]	7.90	7.40
105	97½	Treas. 10pcCv 1990	101	[illegible]	9.82	9.19
91	81	Exch 2½pc 1990	89	[illegible]	2.78	6.69
110¼	102	Treas 11¾pc 1991	106	......	11.05	9.14
95	87¼	Funding 5¾pc '87-91‡‡	93	......	6.12	8.03
90	80¼	Treas. 3pc 1991	88	......	3.38	7.05
110¼	98½	Treas 10pc Cv '91 ‡‡	104	[illegible]	9.59	8.48
109¾	101	Exch. 11pc 1991	105	[illegible]	10.45	9.18
99	91	Treas. 8pc 1991	96	[illegible]	8.29	9.12
116	107	Treas 12¾pc 1992‡‡	111	[illegible]	11.45	9.17
106	97	Treas 10pc 1992	102	[illegible]	9.74	9.16
[illegible]	90	Treas. 8pc 1992 ‡‡	96	[illegible]	8.31	9.13

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
42½	22⅛	TRW Inc. 62½c	27¼xd	+⅛	$1.60	–	3.2
37¾	21	Tenneco $5	22 13/16xd	–¼	$3.04	–	7.3
220	149½	Do. 10pcLn.Stk. 91-5	155	.....	10%	–	f4.7
29⅝	15⅞	Texaco $6.25	24	–1	$3.00	–	6.8
74	36	Time Inc. $1	49⅞	+⅜	$1.00	–	1.1
30¼	15	Transamerica $1	18⅞	–¼	$1.84	–	5.3
14⅝	1¼	Transworld Corp $5	961p	–23	20c	–	1.1
27⅛	12¼	TRINOVA Corp	18⅛	.....	56c	–	1.7
24	12⅝	USX $1	17½	–⅜	$1.20	–	3.8
37¾	16¼	Utd. Technologies	20	–⅜	$1.40	–	3.7
38⅝	25⅞	US West	28¾	–½	$3.28	–	6.2
30½	17⅛	Waste Management $1	19	–¼	36c	–	1.0
31⅞	11⅝	Whirlpool $1	14½	–¼	–	–	–
37⅛	16½	Woolworth $3½	24	–⅜	$1.32	–	3.0

CANADIANS

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
391p	220p	ABM Gold Corp	220p	–6	–	–	–
26¼p	10p	Abbot Energy Corp.	17¼p	.....	–	–	–
18⅛	506p	Amer. Barrick Res.	11½	–¼	–	–	–
141p	3½p	American Lightwave	4¼p	.....	–	–	–
122p	25p	Armeno	28p	–2	–	–	–
117p	39¾p	Augmitto Expln.	51½p	–1½	–	–	–
19⅞	10⅝	Bk. Montreal	11¼	–¼	$2.00	–	7.5
10½	488p	Bk. Nova Scot.	565p	–12	72c	–	5.6
20⅝	15	BCE	16⅞xd	–¼	$2.44	–	6.4
10¾	511p	Bow Valley	604p	.....	40c	–	2.9
20	10¼	Brascan	11½	.....	88c	–	3.4
509p	186p	Breakwater Res.	247p	–6	10c	–	1.8
11¾	734p	Can.Imp Bank	920p	–7	$1.08	–	5.2
24	792p	Can. Pacific	10⅞	–¼	60c	–	2.6
42½	37½	Do. 4pc Deb £100	40	.....	4%	–	10.0
527p	332p	Central Capital "A"	456p	–13	–	–	–
162p	28¼p	Dambus Res.	152p	+1	–	–	–
687p	354p	Derlan Inds.	505p	–1	11.75c	–	1.0
18	756p	Echo Bay Mines	11⅛	.....	20c	–	0.8
68p	26½p	Energex Minerals	28¼p	–1½	–	–	–
230p	66p	Euro-Asia Capital Ltd	85¼p	–½	–	–	–
821p	246p	Galactic Resources	259p	.....	–	–	–
236p	89p	Goodbone Res.	101p	.....	–	–	–
69p	4¾p	Global Data Systems	13¼p	.....	–	–	–
873p	237p	Granges Expln	381p	+10	–	–	–
19⅛	7½p	Gt. Pacific Res.	13p	.....	–	–	–
14½	560p	Gulf Canada	721p	–23	52c	–	3.2
14¼	782p	Hawker Sid Can	990p	+19	$1.08	–	4.8
740p	332p	Healys Group	344p	–1	–	–	–
14⅞	767p	Hudson's Bay	984p	–48	60c	–	2.9
38¼	21⅛	Imperial Oil	24⅝	–⅛	$1.60	–	2.9
14¼	764p	Inco	12⅛	–¼	US$0.40	–	1.8
460p	290p	Intl. Corona Res.	360p	+10	–	–	–
785p	417p	Inland Nat. Gas $1	585p	+9	60c	–	4.5

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Contd

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13	865	Sun Life 5p	£10½	......	128.5	–	3.7	–
£69½	£36¼	Taisho M EDR	£49⅝	+¼	Q010%	–	0.9	–
£22¼	£12⅞	Torchmark $1.00	£15⅝	–⅛	Q$1.00	–	3.4	–
410	295	Trade Indemnity	365	......	14.3	–	1.6	–
£34	£17¾	Travelers $1.25	£29⅞	–⅛	$2.40	–	6.6	–
£30¾	£15¾	USF & G Corp $2.50	£17⅝	–⅛	Q$2.44	–	8.2	–
£39⅞	£15¼	USLIFE Corp. $1.0	£19½	–⅛	Q$1.28	3.2	3.6	8.7
738	495	Utd Friendly B 10p	495	......	21.0	–	5.8	–
464	192	Willis Faber 12½p	218	......	t10.75	2.4	6.8	8.3
128	41	Windsor Secs. 10p	63	......	0.8	♦	1.7	♦

LEISURE

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	9	A & M Group 10p	11	+2	–	–	–	–
242	77	Airtours 10p	104	–1	L45.4	1.6	7.3	12.1
549	253	Anglia TV	413xd	......	14.5	♦	4.8	♦
141	62	Arlson 1p	81	......	0.5	6.7	0.8	22.9
72	40	BBCE Hldgs 5p	49	......	Ld1.0	2.7	3.4	14.9
300	132	Barr & W.A.T. 'A'	225	......	t8.0	1.4	4.9	18.3
67	20	Bond Media	21	+1	–	–	–	–
236	165	Boosey & Hawkes	210	......	–	–	–	–
83	28	Border T.V.	41	......	12.4	2.4	4.7	11.9
439	43½	Brent Walker 10p	349	–2	tg8.5	2.2	3.9	16.8
124	79	Do 6pc.Cv.Cm.Rd.Pf.	104	......	6.0	–	7.9	–
338	110	Campari Int. 20p	279	–3	t3.6	5.1	1.5	14.3
306	152	Castle Commns. 5p	195	......	L7.0	2.0	5.1	13.6
211	127	Capital Radio 10p	188	–1	6.0	2.7	4.4	11.6
684	370	Central ITV	531	+1	t17.0	2.3	4.4	13.8
274	111	Chrysalis	120	......	7.0	1.9	8.0	8.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING—Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

A selection of Options traded is given on the London Stock Exchange Report Page

FINANCIAL TIMES

Saturday March 12 1988

Trade gap smaller than estimated

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE DEFICIT on the current account of Britain's balance of payments last year was nearly £1bn less than previously thought.

Revised figures from the Central Statistical Office yesterday show a current account shortfall for last year of £1.7bn compared with the £2.5bn estimated two weeks ago and cited this week by the Prime Minister in the Commons.

The large revision, which reflects higher estimates of Britain's overseas earnings from insurance underwriting and of interest and dividend payments on overseas assets, provides a useful background for the Government to next Tuesday's Budget.

Mr Nigel Lawson, the Chancellor, has been warned by his advisers and by independent economists that too large a reduction in income tax would exacerbate the recent sharp deterioration in Britain's visible trade balance. Yesterday's figures suggest that up to now earnings from invisible transactions have provided a substantial cushion.

The favourable revisions to invisible transactions go back to 1981; in 1986 the previously estimated deficit of £1bn has been eliminated.

However, economists cautioned against interpreting the figures as a sign that concern over the trade position had been misplaced. Though the figures are smaller, the underlying deterioration in the current account position over the past few years is still shown as accelerating last year.

That trend is likely to be exacerbated by this week's decision to allow sterling to rise above the DM3.00 ceiling which the Treasury has defended for the past year.

Overall, Britain's deficit on visible trade rose to £9.6bn last year from £8.5bn in 1986, but that comparison masks a widening of the trade gap as the year progressed. The £3bn deficit in the final three months of the year was nearly three times the £1.2bn shortfall seen in the first three months.

Estimates for invisible earnings, which the CSO stressed are still tentative, show a surplus of £7.9bn last year, slightly lower than the £8.5bn in 1986. That surplus, which includes net earnings from services such as tourism as well as receipts from overseas assets, is unlikely to rise this year. The fall in world stock markets and the dollar's depreciation is expected to depress the value of interest and dividend payments.

The most striking change in Britain's capital account last year was a sharp reversal of large overseas portfolio investments seen in earlier years. Last year there was net disinvestment of £8.0bn compared with investment of £23.6bn the previous year.

BAe to cut 15% of jobs in weapons division

By Michael Donne, Aerospace Correspondent

BRITISH AEROSPACE is to cut by the early 1990s more than 2,700 jobs – 15 per cent of the total – at its Dynamics Division, the company's guided weapons development and manufacturing arm.

The plan follows a reorganisation of the division and a review of current and future workloads.

BAe said last night that the reduction would be achieved largely through natural wastage – retirements and other leavers. "Retraining and relocation of personnel will also be offered. No redundancies are intended, and it is not planned that any employee will be compulsorily out of work," the company said.

The review of the Dynamics Division is part of an analysis of the efficiency of BAe initiated by Sir Raymond Lygo, chief executive, with a view to cutting costs by one-third by the early 1990s.

The division accounts for 18,700 of BAe's 75,000 workforce. It builds such guided weapons as the Rapier 2000 short-range anti-aircraft missile, the Alarm air-to-ground missile and the vertical launched Seawolf seaborne anti-missile weapon.

These were providing considerable current activity but the workload for the late 1980s was "unsatisfactory" because of project delays and international budgetary constraints, BAe said.

As a result, the division is to streamline its operations at various sites to try to make the best use of resources and to improve competitiveness.

Bracknell, Berkshire, will continue to be an important engineering and design centre, although some work, such as underwater systems, will be transferred to Bristol, which will remain "an important engineering centre" of the division.

Hatfield, Hertfordshire, will continue as a prime engineering base, while Lostock, near Bolton, Lancashire, will remain the largest divisional manufacturing centre, with some short-term reductions in manpower but improved long-term prospects.

Plymouth, Devon, will continue as a manufacturing and engineering centre, with strengths being maintained at about the current level. At Stevenage, Hertfordshire, where Army weapons are built, the workload is high but some staff *cuts are likely in the immediate* future.

At Weymouth, Dorset, the main building will be closed and activities relocated to Bristol.

Austrian Chancellor tells his country to confront Nazi past

BY JUDY DEMPSEY IN VIENNA

MR FRANZ VRANITZKY, the Austrian Chancellor, yesterday called on Austrians never again to permit the annihilation of their state. He spoke as the country solemnly commemorated the 50th anniversary of its annexation by Nazi Germany.

Flags flew at half-mast and in the historic heart of Vienna a solitary bell tolled in St Stephen's Cathedral. Hundreds of pedestrians observed a few moments' silence to mark an event which most Austrians had long ago swept under the carpet. A minute's silence was observed in factories and schools.

Mr Vranitzky and President Kurt Waldheim led the Government and both Houses of Parliament in a similar act of remembrance, but only a few cars heeded an appeal to stop.

President Waldheim, whose wartime activities have alerted world opinion to Austria's part in the Second World War at the side of Germany, was a silent bystander at all of yesterday's ceremonies.

His plans to give a major address were dropped because of the continuing controversy over his role in the German army. He laid wreaths for the victims of the Nazis and for the resistance at Heldenplatz in the centre of Vienna.

He apologised in a nationwide television address last Thursday for crimes committed by Austrians and called for a moral renewal of the country.

Mr Vranitzky said yesterday that Austrians must not pretend that "everything happened without our participation and completely against our will" when German troops marched in 50 years ago.

"Austrians were not merely victims and passive players in a game of history which is decided by somebody else," he said.

They should not regard the *recalling of 1938 as an uncomfortable* duty that has been forced on them simply because others have begun to criticise them.

Some 10,000 Austrians gathered outside Vienna's town hall, a traditional stronghold of the Socialist Party, in chill weather on Thursday night. They listened to survivors of concentration camps recall the horrors there.

One very young child asked her father: "What does a gas chamber mean?" He replied: "Death."

A teenager said: "We do not know our history. We are not taught it at schools. We know little about the civil war period of 1934 or how many Austrians participated in atrocities. We are puzzled. Our parents prefer not to talk about the past."

The environmentalist Greens, who boycotted the state ceremony at the Hofburg, quietly held their own remembrance ceremony outside Vienna.

They gathered at the former concentration camp at Mauthausen, near Linz, where more than 100,000 people died.

Further official ceremonies will continue this weekend when Austrian politicians continue to stress the need to come to terms with a past that has left many bewildered and confused about what really happened in 1938.

Picture, Page 2

THF discusses hotel group bid

BY CLAY HARRIS AND DAVID WALLER

TRUSTHOUSE FORTE, the world's largest hotel group, was *last night* in takeover talks with Kennedy Brookes, the fast-growing UK restaurant and hotel company. At last night's closing price, Kennedy Brookes had a market value of £167m.

Talks are expected to continue over the weekend. As they proceeded yesterday, Mr Rocco Forte, THF chief executive, delayed a planned departure for Japan.

If negotiations are successful, Kennedy Brookes would add some of London's best known restaurant chains, including Wheeler's and Mario & Franco, to *THF's expanding catering division*. This already encompasses the Little Chef and Happy Eater roadside restaurants as well as the Cafe Royal.

Kennedy Brookes's total of 1,800 hotel rooms – all bought in the past year – is dwarfed by THF's 21,000 worldwide sum. However its Londonderry would give THF a second hotel in London's Park Lane, site of its UK flagship, the Grosvenor House. Kennedy Brookes also owns the Howard on East 56th Street in Manhattan.

In the seven years since it joined the Unlisted Securities Market, Kennedy Brookes has snapped up a variety of small chains. It owns such established names as Bertorelli's, Lockets, well known as a haunt of lobbyists lunching with MPs, and Café des Amis du Vin. It also holds the UK licence for Maxim's.

After soaring 88p on Thursday, Kennedy Brookes shares yesterday added another 3p to 391p. THF shares closed 9p lower at 231p.

Lord Spens on £500,000 bail

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LORD SPENS, the fifth man to be arrested and charged with criminal offences in the Guinness affair, was remanded until April 12 on £500,000 bail when he made a brief appearance at Bow Street magistrates court in London yesterday.

Before entering the court, Lord Spens, former head of corporate finance at Henry Ansbacher, the merchant bank, said: "My conscience is quite clear. My head is high. We will fight these charges."

He left court saying: "No comment."

Lord Spens was arrested at his home at Frittenden, Kent early on Thursday by officers of the Fraud Squad team investigating the Guinness affair. He faces four charges: one of conspiring to create a false market in shares, one of false accounting, and two of unlawful financial support of share dealings.

Yesterday, Miss Elizabeth Gloster, prosecuting, asked that he be remanded until April 12 – "the next remand date for the other four defendants charged in connection with this matter."

They are Mr Ernest Saunders, former chairman of Guinness; Sir Jack Lyons, *the millionaire financier*; Mr Roger Seelig, the former Morgan Grenfell corporate finance director, whose last appearance at Bow Street was on November 3; and Mr Gerald Ronson, chairman of Heron Corporation, who was last in court on November 6.

Lord Spens was remanded on bail on two sureties of £250,000 each – the same as his co-accused. His sureties were Mr Alan Lewis, chairman of Illingworth Morris, the Bradford textile company, who chaired a Conservative Party fund-raising committee in the run-up to the last general election, and Mr Charles Longbottom, former chairman of Seascope, a Lloyd's insurance broker and ship broker which is part of the Ansbacher group. Mr Longbottom was a director of Ansbacher from 1982 to 1987. Between 1959 and 1966 he was the Conservative MP for York.

At the prosecution's request the magistrate, Mr William Robins, imposed four bail conditions:

- That Lord Spens undertake not to contact any present employee of Ansbacher.
- That his passport be retained by the police but may be released to him for the purpose of travelling abroad, subject to him giving the police a written itinerary of his travel plans not less than 24 hours before he collects his passport, and to him returning his passport to the police within 24 hours of his return to the UK.
- That he does not apply for any other passport.
- That he notifies the police in advance of any change of address.

The charges against Lord Spens allege that:

- On or about May 6 1986, "at a time when a person was acquiring or proposing to acquire 2,150,000 shares in Guinness plc," he aided and abetted the giving of financial assistance by Guinness, namely the payment by way of loan of £7,614,682 to Henry Ansbacher & Company Ltd, for the purpose of enabling Ansbacher to fund the acquisition.
- On the same date, when a person had acquired 2,150,000 Guinness shares, and a liability had been incurred by Ansbacher, he aided and abetted the giving of financial assistance by Guinness – the £7,614,682 loan to Ansbacher – to enable Ansbacher to discharge the liability.
- On the same date, dishonestly and with a view to gain for Ansbacher, he falsified a document made or required for accounting purposes, namely a letter from Ansbacher to Guinness.
- Between April 1 1986 and December 31 1986 he conspired to create a false or misleading impression as to the market in, or the price or value of, Guinness shares.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Brit. Aerospace	374	– 11
Berkeley Govett	175	+ 12	Courtaulds	317	– 12
Greenall Whitley	221	+ 18	Glaxo	£10 3/16	– 3/16
Lookers	160	+ 15	Jaguar	319½	– 9½
MS Intl.	127	+ 15	LASMO	316	– 11
Parrish	250	+ 15	Legal & General	262	– 13
Robinson (Thos.)	451	+ 11	Lucas Inds.	621	– 23
Sedgwick	213	+ 8	Reed Intl.	414	– 11
Standard Chartered	474	+ 19	Scot. & Newcastle	281	– 12
FALLS			T & N	191	– 8
BTR	253	– 7	TI Group	325	– 14
Beecham	475	– 16			

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	13	55	Dallas†		–	–	Madeira	S	18	65	Prague	F	4	39
Algiers	F	12	54	Dublin	R	9	48	Madrid	S	13	55	Reykjavik	F	-3	27
Amsterdam	R	7	45	Dubrovnik	F	10	50	Majorca	S	15	59	Rhodes	S	13	55
Athens	F	12	54	Edinburgh	C	9	48	Malaga	F	16	61	Rio de Janeiro		–	–
Bahrain	S	22	72	Faro	S	17	63	Malta	S	14	57	Rome	S	13	55
Barcelona	C	14	57	Florence	S	12	54	Manchester	R	8	46	Salzburg	Sn	3	37
Belfast	R	8	46	Frankfurt	F	6	43	Melbourne	C	15	59	S'Francisco†	F	12	54
Belgrade	C	5	41	Geneva	C	7	45	Mexico City		–	–	Santiago		–	–
Berlin	F	5	41	Gibraltar	S	15	59	Miami†	S	13	55	Seoul	R	5	41
Biarritz	F	11	52	Glasgow	C	9	48	Milan	S	14	57	Singapore	R	29	84
Birmingham	R	10	50	Guernsey	C	9	48	Montreal†	S	-9	16	Stockholm	S	1	34
Blackpool	R	7	45	Helsinki	Sn	0	32	Moscow	F	1	34	Strasbourg	C	7	45
Bombay	S	31	88	Hong Kong	C	19	66	Munich	Sn	2	36	Sydney	F	35	95
Bordeaux	S	11	52	Innsbruck	Sn	1	34	Nairobi	F	29	84	Tangier	S	18	64
Boulogne		–	–	Inverness	C	6	43	Naples	S	11	52	Tel Aviv	C	15	59
Bristol	F	9	48	Isle of Man	C	9	48	Nassau		–	–	Tenerife	S	22	72
Brussels	R	7	45	Istanbul	C	4	39	Newcastle	C	8	46	Tokyo	F	17	63
Buenos Aires		–	–	Jersey	R	10	50	New Delhi	F	22	72	Toronto†	F	-1	30
Budapest	Sn	3	37	Johannesburg	C	18	64	New York†	S	1	34	Tunis	F	13	55
Cairo	C	18	64	Las Palmas	S	24	75	Nice	S	14	57	Valencia	S	17	63
Cape Town	S	27	81	Leeds	C	8	46	Nicosia	F	15	59	Venice	S	8	46
Cardiff	C	10	50	Lisbon	S	15	59	Oporto	S	16	61	Vienna	S	6	43
Chicago†	F	1	34	Locarno	S	14	57	Oslo	S	3	37	Warsaw	Sn	1	34
Cologne	C	7	45	London	C	10	50	Paris	C	8	46	Washington†	S	2	36
Copenhagen	S	5	41	Los Angeles†	F	11	52	Peking	S	17	63	Wellington	F	24	75
Corfu	S	13	55	Luxembourg	C	4	39	Perth	S	23	73	Zurich	R	3	37

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Toyota importer exceeded quota

By Ian Rodger in Tokyo and John Griffiths in London

TOYOTA (Great Britain), an Inchcape Group subsidiary, admitted yesterday that it had been surreptitiously importing cars into the UK in excess of the informal quota agreed between the Government and Japanese carmakers.

The company's managing director, Mr Alan Marsh, said it had "immediately ceased trans-shipments" from Continental Europe as a result of a strong protest from Toyota Motor.

In Tokyo yesterday, Toyota expressed regret but said it had had no knowledge of the affair *until last month. A letter had* been sent to Toyota (GB) ordering it to stop the indirect imports and internal controls had been set up to prevent any recurrence.

According to Toyota, the Inchcape company ordered cars in excess of its quota, claiming they were for British soldiers in West Germany on Nato duty.

Such sales, under a system set up in 1981, are outside the quota agreement which limits Japanese car sales in the UK to 11 per cent of the total market.

The cars were shipped from Japan to West Germany but it *appears most of them were* trans-shipped to the UK for sale to civilians. Mr Marsh refused to say who took delivery of the cars in West Germany or how they arrived in the UK.

The cars could not have arrived as "personal" imports, because these are treated as used vehicles in UK registration statistics.

Toyota Motor said it shipped 34,210 cars directly to the UK last year, but Toyota registrations in the UK amounted to 38,269.

This suggests that about 4,000 cars came into the country *through the West German route.* The company said 5,119 units were ordered for British Nato military officers last year, but it did not know how many were delivered to the military.

In 1984 there was a gap of 497 units between Toyota's UK exports and registrations. In 1985, the gap was 2,469 units and 2,194 in 1986. Toyota said these gaps were partly due to differences in dealer stocks. It added that it did not know how long the surreptitious importing had been going on or its scale.

Rival Japanese importers last *night refrained from criticising* Toyota (GB), but urged a revision of the agreement to allow more imports. They denied suggestions from British motor industry officials in a Japanese newspaper that other Japanese companies were using the same method to get round the agreement.

Last year, Japanese imports accounted for 10.91 per cent of the market, fractionally under the 11 per cent ceiling. Toyota's share was unchanged at 1.9 per cent.

Continued from Page 1

Sterling

The pound's strength led to a weakening *of the dollar* and the resultant strengthening of the D-Mark caused strains to reappear within the EMS. By the end of trading yesterday, the French franc and the Italian lire were close to the lower end of their permissible limits within the EMS.

Over the week the D-Mark has strengthened against the franc, *from FFr3.3850 to around FFr3.40.* The French currency had thus been forced close to the bottom of its allowable trading range, FFr3.43.

Analysts said nervousness about the April presidential elections in France was another reason for the franc's weakness and there did not appear to be a pressing economic reason to justify a realignment of the EMS.

The pound closed at DM3.0775, compared with DM3.0675 on Thursday, and at \$1.8530 (\$1.8425). The Bank's trade-weighted sterling index closed 0.3 points up at 77.4.

Janet Bush in New York adds: On Wall Street, equities traded quietly in the wake of Thursday's 48-point drop in the Dow Jones Industrial Average.

At mid-session it stood 9.12 points lower at 2,016.91. Dealers said the decline had heightened caution about pushing the market higher but had not seriously undermined belief that equities were set to move gradually higher.

Dole's last stand

Continued from Page 1

In Denver yesterday, Mr Gary Hart, the former Colorado senator, dropped out of the Democratic presidential campaign as expected. He quit the race last year after a sex scandal, rejoined in December, but failed to win a single delegate in this year's elections.

On Thursday, Congressman Jack Kemp of New York pulled out of the Republican race, becoming the third Republican to quit. Mr Alexander Haig, former White House chief of staff and North Atlantic Treaty Organisation commander, and Mr Pierre DuPont, the former governor of Delaware, withdrew last month.

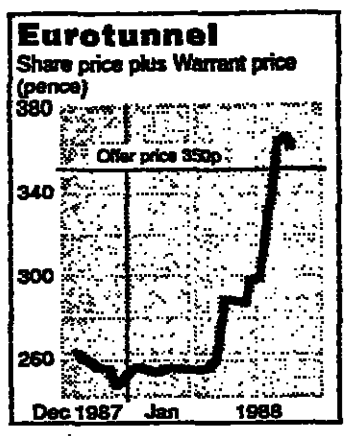
THE LEX COLUMN

Fast fingerwork from the KIO

The Kuwait Investment Office evidently does not take kindly to being told by the avowedly free-market UK Government how to run its investment portfolio. By declaring its intention to own 22.5 per cent of BP in outright defiance of Nigel Lawson's warning not to go beyond 20 per cent, it has made such a rude gesture that it must be difficult for him to sit back and take it. However, it is hard to know what else can be done. While the Government could refer the whole thing to the MMC, which could doubtless find an excuse for making the KIO dispose of at least some of its *shares, finding a convincing justification* would not be easy. After all, if the Government did not want its biggest ever flotation to result in a wholesale transfer to Kuwait, it should have said so at the outset.

BP is nevertheless hoping that something can be done to get it out of an increasingly intolerable position. While there is nothing magic about 20 per cent, the increase from 19.5 per cent means that the discomfort, which started at less than 10 per cent, is just that much worse. Meanwhile, the Kuwaitis have handled *the market almost as mischievously* as the Government, having fooled everyone into thinking that most of this week's buying was coming from elsewhere. Assuming that the market believes the KIO really is ready to stop buying now, the BP price can go only one way. Yesterday's 3p fall to 374p still leaves the shares about 20p too high relative to Shell.

FT Index fell 22.4 to 1449.9



Markets

All things considered, the Lon*don market's 23-point fall on the* FT-SE yesterday represented a pretty good effort. In a week dominated by currency movements, trade-weighted sterling ended at a peak of 77.4, compared with 74.8 on Monday morning. Again, Wall Street had done another of its duck-dives on Thursday night; and what market-maker would want to go home long of stock on a Friday, given the risk that New York might do it again after London's close?

But though sterling is still a worry – Glaxo and ICI took *another caning yesterday – it is* difficult to believe that it is really rampant. For a start, the week's close of just below DM3.08 was still consistent with a broad range of DM3 to DM3.10, which was what many analysts guessed at when sterling was first turned loose on Monday. Perhaps more important, the Chancellor said this week that he did not think sterling's present level was sustainable. Mr Lawson's views are always valuable, but especially so when he has up his sleeve the means to send sterling all over the place in three days' time.

The chief determinants here, as for a number of things, will be the size of the tax give-away and the target for the PSBR. The higher the PSBR surplus, the more secure the outlook for interest rates, the less the worry about overheating, and the stronger the currency. Conversely, a £6bn tax give-away would mean the population rushing out to buy BMWs, interest rates up, and sterling sliding.

Or so the market reasons. In the meantime, some foreign holders of sterling assets are reported to be starting to hedge them, rather than selling out after the rise. That may be indecisive, but it seems a rational compromise.

Eurotunnel

Nobody ever pretended that Eurotunnel would behave like a normal share, yet its capricious movements since December's sticky flotation still take some explaining. After an unexpectedly severe plunge from the 350p issue price, the stock has now recovered to the starting point in two dramatic and apparently random shifts. The 20 per cent rise over the last week or so is particularly mysterious. The recent announcement that both tunnel-boring machines are finally making infinitesimal progress towards each other offers a partial explanation at best, as does the lifting of the 90 day restriction on US buying.

Given that fresh demand has apparently been modest, the price seems to have been determined by Eurotunnel's existing shareholders. The initial fall to 240p allowed subscribers to the earlier issue to sell without loss, *while the subsequent recovery to* 270p enabled those who had bought shares in both issues to recover their average subscription price. The present value of shares plus warrants is just above the 350p level, and it will presumably stay around there until the unhappy underwriters and the last of the restive investors who backed the flotation are shaken out. This may not take long: turnover on the shares has been low, with the vast majority of Eurotunnel shareholders apparently willing to hang on for a long-term return in line with the risk of the enterprise. Logic suggests that the shares should start to behave in a more predictable way from now on.

Beazer/Koppers

The Beazer bid for Koppers is turning out to be one for the connoisseur. In US terms, Koppers' attempt to haul Beazer before a jury for violation of securities laws looks a normal enough weapon in the defence armoury. The more curious dispute is in Britain, where both sides have deployed their respective audi*tors to rubbish each other's esti*mates of what the deal would do to Beazer's balance sheet and profit and loss account.

Much of this hinges on whether the proposed deal should be consolidated by Beazer, as seems to be indicated by the UK accountancy profession's new proposals on off-balance sheet financing. Arthur Young, in the Koppers camp, says that full consolidation would slash Beazer's earnings per share by more than half, and push gearing up to 180 per cent before disposals. Peat Marwick, acting for Beazer, pro*fess themselves suitably bewil*dered: Arthur Young must be working off the wrong earnings figures, they do not know how Beazer would propose to value the assets, and anyway, if Beazer were dumb enough to pay that much over the odds, surely that would be good news for Koppers' shareholders?

And so forth. Since both sides know all about their own cards and very little about their opponent's, this is mostly knockabout. But it raises a separate question: if auditors are to act for their clients as a cross between PR consultants and merchant bankers, who is to check the books?

WEEKEND FT

Saturday March 12 1988

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Benicasim was a seaside village 25 years ago. Now, it thrives on tourism - but at a price. **David White** reports

Spain's rich road to ruin

ONCE UPON a time, and not so long ago, there was a village in Spain, next to the sea. Benicasim was a matter-of-fact sort of place, living poorly off market gardening. It was never the most picturesque of Spanish towns. Nor is it today the most deplorable example of developers' concrete madness; Spain has worse. But it is as good a record as any of the kind of changes the past 25 years have brought in this country.

It is to the north of Valencia, just where the mountains begin to close in on the Mediterranean: four seafront miles of high-rise flats, fancy globes lighting the length of the main street, a section of rough, drug-infested bars, a population living year-round off its summer trade of holidaymakers. The village it still was in 1960 has been thrown as if by a tidal wave into late 20th century Europe.

The tidal wave has been the transformation from an agrarian-based economy, prosperity; the freeing of strict social morés, the decline in influence of the Catholic Church. Spain's metamorphosis is much more than political: it is also social, economic, moral and educational. It has taken place over a longer period than the 12 years since the death of Franco, but has still been extraordinarily rapid – probably more than in any other country in Europe.

The whole structure of society has altered. An emerging service sector produced a new middle class, more in contact with the outside world. The mutation was fundamental to the political change that followed. The economic and social process began well back in the Franco period, but Francoism was incapable (although it tried) of keeping up with it.

Agriculture accounted in 1960 for 41 per cent of jobs in Spain, compared with about 15 per cent today. Gross domestic product per capita was $300 and is now more like $8,000. There was one car for every 100 Spaniards. In places like Benicasim, a car-owner was "someone." Now, there is one for every four.

Nowhere is the change more obvious than on the Mediterranean coast, which took the brunt of the tourist boom. Spain's foreign tourists have multiplied tenfold in the same period. Here, the face of the country has literally been transfigured. Benicasim's tomato patches have yielded undreamed-of wealth. It has got all the benefits and all the drawbacks. Its big asset is its beach, where a smart new promenade is being built – but where buildings up to 18 storeys cast shadows in the afternoon. In 25 years, Benicasim has become rich and ruined.

The village proper stands back from the beach. The railway track runs between it and the area still known as "the villas." The chief railway engineer was the first to build a summer home 100 years ago. A dozen others followed, and there was some pretence to becoming the Biarritz of the Levante. But not until Manuel Fraga's remarkable period as Franco's Minister of Tourism and Information did this stretch of coast begin to attract the masses. In an effort to emulate the Costa Brava, it was christened the Costa del Azahar - orange blossom coast. Since few foreigners knew how to pronounce it, the name never caught on. but the building bug did. In 1960, there were about 300 summer homes in Benicasim; now there are 2,500, plus 12,000 flats and nine camp sites. The resident population has grown from 2,000 to probably 10,000. In August, it rises to 140,000.

In the beginning, people thought the upturn in the town's fortunes would be short-lived, but the boom went on. The old turn-of-century villas fronted by wrought-iron gates and flowering shrubs are still there, but are hemmed in by tower blocks. The original seafront hotel, the Voramar, appears to turn its back on it all. Looking out, to the left is a headland; to the right, a long stretch to the factories of Castellon de la Plana. It is built up almost all the way.

Emilia Allué started going in the mid-1950s. She came from a well-to-do Madrid family that had always spent its summers in the mountains near the capital. The only other visitors to Benicasim then were the *grandes senores* from Valencia and Castellon. "We were the first from Madrid. They called us *los Madrilenos*." She and two daughters have kept flats in town and the family reunites there. But her son has no wish to go back, because it is not the same. Her husband, now dead, wrote poems here. She loved it for the almond-trees in flower. Now there are hardly any more orchards and kitchen gardens. The motorway behind the town cut through the almond and orange groves. The front was wild fig trees and allotments with tomatoes, oranges and earth-almonds for making milky *horchata*. From Benicasim to Castellon was paddy-rice. Chairs would be put out in the street to display produce for sale.

The first foreigners were wealthy Nordics. Some, according to Father Francisco Baus, the parish priest, were "weird cases." Then there were hordes from France. Now the biggest elements are Italians in the early summer and, later on, Germans. ("Terribly ordinary Germans," says Emilia Allué. "They speak German everywhere. They must think that in Spain people normally speak German."

Another daughter, Mariemi, who now lives in England, was the first to sport a real bikini, in or around 1963. She had come back from northern Europe on a motor-bike. Her reply when challenged by the priest became a minor scandal. "*Hombre*," says Father Baus now, "it *was* a bit odd." He has since become used to seeing behaviour and fashions no different from other places in Europe. He believes television has had more to do with it than tourism. He still fills the 18th century church which, apart from an old watch-tower on the beachfront, is just about Benicasim's only monument, but complains that young people have "no profound education in the Christian faith." On the other hand, he is pleased that everyone is better off.

Josefa Escoin (Pepita) has watched it all from her grocery and general store in front of the railway station. She did well out of the extra trade but is now being outdone by new hypermarkets nearby. She says the atmosphere has changed. "It was more familiar. People now are more reserved." Carmen Ibanez, a chemist on the main street, also has mixed feelings. She has been in the same place for 27 years, and bears a strong physical resemblance to Queen Victoria. "Before, everybody would be known by everyone. Now, everybody looks after their own business," she says. She thinks the town looks better, but used to be more typical. "People come from big towns where it is just the same." She likes the new pavement outside her shop, but not the traffic problems it creates in high summer.

The town's smartness is only skin-deep, a cover for less well-maintained back-streets with dismal shops, but someone is doing fine business in expensive paving slabs and street-lights. The building boom has picked up again recently but it is an insiders-only game. Jo. Rausin, a Belgian who moved here with his Spanish wife three years ago, used to be in real estate but he saw how the land lay and set up a restaurant instead.

Joaquin Castano came here in 1961 and built up a construction business. He is now the mayor, the third since democratic elections were reinstated. All have been conservative. He defends the way development was carried out. If flats had not been built in the 1960s, tourism could not have flourished. But he accepts that there was little vision of the future. The new Coast Law, drafted by the socialist Government precisely to prevent new seafront development of the Benicasim sort, "should have been done many years ago," he says.

Benicasim is already too far gone to be within the reach of the new law. It was built back-to-front, with the highest buildings nearest to the sea and houses behind. Between the blocks, mostly of 11 or 12 floors, the beach-goer can glimpse - but only intermittently – the mountains known as St Agatha's Needles. It was poor land. The least-favoured son was always the one who got the farm plot nearest the shore. Now, farming makes up only about a tenth of the local economy. The local muscatel grapes used once to be sent by the trainload to Europe, but little of this industry is left. Only a handful of people are involved in agriculture, and most have another activity such as a hotel or a shop.

The inhabitants were happy at any sign of progress, and progress was almost anything that disfigured the countryside. It started with neon lights along the road to the beach. These have now been replaced by pseudo-antique lamp-posts. They are part of a new image, along with the street-signs in Valencian instead of Spanish. At the start of the 1960s, there were no lights and no paved roads in the village. Women would sweep and sprinkle water on the dust streets. There was no hotel in the village itself until 1964. At night, fishermen's lights could be seen off the beach. They were gone by the 1970s.

The locals took on the habits of the visitors. They learnt to go to the beach. Before, boys would go to swim or to look for small fish, and women not at all. Nobody went to sunbathe. But as the locals changed, so did the kind of visitor. What the town now receives is described by Agustin Agut, a 61-year-old municipal policeman, as "rubbish tourism" - people who bring everything they need with them and leave only their garbage. A familiar figure when he used to patrol on his motorcycle, he married a Dane and enjoys a critical distance from his fellow towns-folk. *He has seen everything since the civil* war. He still cannot get over the fact that a prime 3,500 square metre site in the middle of the seafront once changed hands for just 200,000 pesetas.

Many smallholders sold out before land values rocketed, earning just enough money to build their own house, buy a car, or set up a bar or a shop. More was made by those who bought from them, or those lucky enough to have several plots of land. First among these is Juan Bonet. His grandfather was a tenant farmer who managed to buy his own land, a swathe from the mountains to the sea, to work it. Bonet's father continued in the same spirit until his son persuaded him to turn a vineyard into a campsite. The plot in front of their house, where his father tried successfully growing oranges, melons and lettuces, is now the municipal sports ground. Bonet built and sold flats and houses. He owns a big discotheque. "I was quite daring and did a bit of everything," he says.

He agrees that errors were made, that there was a lack of planning, that the prevailing spirit was one of quick money. The town should have more hotels, and work in the winter, but the result is still positive. "People here have not missed the train completely. Everyone lives better."

Manolo Beltran counts himself among the young people of that transition generation who saw the future that the beach held in store. He came from a modest Castellon family which had a house in Benicasim where it would sometimes rent out rooms. At 16, he started work as a bookkeeper in a warehouse. At 19, he was doing his own business. A bit of land and a small loan were enough to start. He built 35 flats. Now, property is a sideline to his main activity, an orange export company which he runs with a Swiss partner, with a turnover of about $20m a year.

He had a good time of it, not least because his late teens coincided with the "epoch of the Swedish girls." It was then, the first wave of foreign influence in Benicasim, that sex became a real possibility. "There were 10 of them and 100 of us," he recalls. "So they could choose." There are foreign girls by the thousand these days but, for his 18-year-old son, there is nothing particularly exciting about them. There are also Spanish girls. In the old days, the village youths would stand around hoping to get somewhere with the "senoritas" from Madrid but would be treated as peasant boys.

Says Juan Bonet: "I don't have any nostalgia at all. There used to be two classes, the front row of villas and rest. Now, it's more equal." With the two classes went two moralities. "Girls from the village could not go out with their boyfriends except on the main street in full view, or else they would be denounced from the pulpit. At the same time the daughter of Dona So-and-so could go about in the shortest shorts." The biggest change, he says, has been the levelling between locals and visitors. "Now, nobody considers himself inferior to anybody. Before, they thought they belonged to an inferior class to the people who came to the beach."

The gap has been bridged in one generation. The people of Benicasim have come up in the world. Some say it has cost the place its soul, but few of its inhabitants – not even the priest, and certainly not the promoters – question seriously whether it could, or should, have happened in any other way.

The Long View

Lawson's Budget: read all about it

• The following document, apparently a draft of next week's Budget speech, has kindly been sent to me by a reader who found it on a London-Brussels flight. It is thought that it was en route for a vetting by Lord Cockfield at the European Commission. It is likely to differ from the final version because of last-minute redrafting by the Chancellor's economic and political advisers. – – B.R.

Showing neither fear nor favour, Barry Riley seizes a fortuitous chance to steal a march on those who think they know what the Chancellor will say

I PRESENT my Budget statement this year against an unusually favourable economic background. Growth in GDP was almost 5 per cent for 1987. Real incomes have risen substantially and, in contrast to the pessimistic expectations of the frequently short-sighted economists in the City of London, inflation has actually fallen over the past year.

There is, it is true, a price to be paid for this, at a time when many of our trading partners, especially in Europe, are suffering from economic recession and therefore provide less buoyant markets for our exporters. The balance of payments has moved into an apparently large deficit, as was highlighted by the £905m current account deficit for January.

I would like to point out, however, that as a result of economies made in the Central Statistical Office several years ago as part of our strategy for regaining firm control over government spending, the quality of the data has seriously declined. I notice that the usually perceptive economists of the City of London are now arguing that the external deficit is much less than it seems.

These are, in any event, the problems of success. More than ever, the economic outturn of 1987-88 serves to prove that holding back the public sector can make room for the private sector to surge forward. This has had the satisfactory effect that, while posing as a tax-cutter, I have in fact been able to preside over a tax-collecting bonanza.

Certainly it is true that foreigners are unperturbed by the trade returns and are investing in sterling with considerable enthusiasm. There are those who say we have changed our policy in the past eight days: that having struggled for many months to hold sterling below DM3, we have finally given up the fight. This is, of course, quite the wrong way of looking at recent events. In fact, our long-term objectives of prosperity and price stability remain absolutely unchanged. Only our short-term tactics have been modified slightly.

Our economic policies have become so successful that rising production and personal incomes have been generating rapidly increasing demand for credit. I have come under increasing pressure from the Bank of England to raise interest rates as a countermeasure, most recently last month. But high money rates have stimulated demand for sterling and our unofficial policy of shadowing the DM has become untenable.

One alternative Budget strategy to offset this would have been to take a very cautious fiscal line. By running a large surplus I could have offset the tendency of the economy to overheat while, at the same time, allowing scope for interest rates to fall, thus taking pressure off the pound.

However, this would have had a fundamental drawback. It would have left me with no scope to cut taxes. It is a matter of common gossip in the corridors of this House that this is likely to be my last Budget. And I have made amply clear in the past, for instance in my Budget speech a year ago, that my long-term objective has been to reduce the basic rate of income tax to no more than 25 per cent.

The fact is that I cannot any longer afford to delay unless the credit is to be taken by the next Chancellor. Furthermore, my resolve has been stiffened by certain discussions I have had with a neighbour in Downing Street.

The logic with higher rate taxes is equally compelling but a little different. Before a general election, a Conservative Chancellor must use his available resources to bribe Labour voters to vote Tory. It is only immediately after an election that he is in a position to reward loyal Conservative supporters.

A further important argument in favour of cutting higher rate income taxes is that the effect on consumption will be relatively small. Tax cuts for the wealthy will cause the currently exceptionally small savings ratio to rise. On the other hand, when impecunious people are granted tax reductions, they have a dangerously high propensity to spend the money.

If I am to stimulate the economy with tax cuts I must, however, apply other offsetting curbs. This is the significance of the uncapping of sterling last week: it allows me to tighten monetary policy, and I can report that the Bank of England is this afternoon stimulating market forces in a manner which could well lead to a rise of one percentage point in bank base rates.

This policy in turn has drawbacks. At a time when our foreign trade is already in serious deficit, there is the possibility of introducing destabilising forces into the economy. Sterling could soar, and then collapse back again. However, if we share the burden of the US deficit, this will sooth the feelings of the Americans over my past criticisms of them. In any case, I shall be able to blame the next Chancellor for a future foreign exchange crisis.

There will also be the usual outcry from the Confederation of British Industry. However, the response of British industry to the stable and relatively low level of sterling over the past year has been to concede sharply higher real earnings to employees. While inflation has gone down, earnings growth has accelerated. This is tolerable before a general election but not afterwards.

The latest policy modification is, therefore, a reminder that this Government will not put up with management softness. British industry is forever calling for stability of exchange rates, but never applies the logic of that to its pay awards especially, if I may say so, to those involving top managers.

I now turn to my detailed tax proposals, beginning with the most important question of all, that of harmonisation of VAT on children's apparel . . .

• *To be continued next week.*

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MARKETS

Nelson would not have been amused

London

GOOD NEWS or bad? The London equity market has spent much of the past week responding in equivocal fashion to the Government's sudden decision on Monday to let sterling soar through the DM3 barrier.

The indices moved up, down and sideways in response to the news as conflicting first, second and even third thoughts gained successive sway over market sentiment. On the one hand, sterling's strength will make industry less competitive; on the other, the move does underline the Government's commitment to fighting inflation.

Despite this domestic shock to the system – and a sharp turndown on Wall Street on Thursday – the FT-SE 100 index managed to remain above 1,800, demonstrating a considerable robustness, as indeed does the reasonable volume of trading over the past few days.

Why did sterling suddenly go through the roof? In recent weeks the Bank of England was forced to intervene heavily in the foreign exchange markets, buying currencies to hold the value of sterling down. But this policy, which increases the money supply (and thus inflationary pressures), was becoming unsustainable.

There were two theoretical solutions. The Government could allow sterling to breach the DM3 ceiling, or it could reduce the attraction of the British currency through an interest rate cut. However, the latter move was ruled out because of its inflationary potential: Nigel Lawson, the Chancellor, would hardly be keen to increase fears that the UK economy might be overheating – particularly ahead of next week's Budget, when he is expected to unveil substantial tax cuts.

The market's uncertain response to sterling's rise was compounded by its difficulty in understanding just what the Government's strategy was, since confusingly different glosses on the position came from the Treasury and from Mrs Thatcher.

Speaking in the Commons, the Prime Minister ruled out early action to hold down the pound through exchange market intervention or a cut in interest rates. Over at the Treasury, though, the line was rather more guarded: currency stability remained the Government's policy and it was not the intention to allow the pound to rise to levels which would hurt British industry. Lawson said he believed any further significant rise in the value of the pound, particularly against the D-Mark, was "unlikely to be sustainable."

Whatever the intention, the decision to allow sterling to break out came under predictable fire from the Confederation of British Industry, which argued that this presented a serious threat to industry's international competitiveness. Equally predictable was the negative impact the news had on the share prices of blue chip exporters, such as Imperial Chemical Industries.

Whether sterling's surge will be sustained in the months ahead is another matter. Indeed, the pound's very strength now is rather surprising, given the weakness of the oil market and the deteriorating trade balance. Behind it seems to lie foreign enthusiasm for the Government, its strong fiscal position ahead of the Budget, and the high level of nominal interest rates in the UK. But if the trade figures go from bad to worse (and sterling's rise will give another twist in this direction), such attitudes could be reversed.

On the other hand, if the pound stays significantly above DM3, the rate of growth of corporate profits seems bound to slow during 1988. As it is, the City is divided sharply over the likely trend of earnings. Brokers' analysts have been encouraged by the very good spate of company results announced over the past few weeks, which have bolstered their forecasts of double figure profits' growth in the present year.

Yet, some leading City economists, studying the macro picture, reach a far more pessimistic conclusion. Phillips & Drew, for example, has cut its forecast for manufacturing sector profits' growth from 7 per cent to 6 per cent, implying negative growth of 1 per cent in this year's fourth quarter and 2 per cent in the first quarter of 1989.

That compares with profits' growth of 12 per cent forecast by Bob Cowell at Hoare Govett and earnings' growth of 12 per cent predicted by Kevin Gardiner at Warburg Securities.

Certainly, the figures unveiled this week by several leading engineering companies have given ammunition to the optimists. GKN, the motor components and defence business, produced a near-11 per cent rise in 1987 pre-tax profits, to £148m, thanks in large measure to the extraordinary strength of the motor components market.

The present year also looks good, with a further 10 per cent rise in profits likely as the benefits of GKN's investments and now-completed closure programme flow through.

TI Group, which this week announced a 43 per cent rise in 1987 profits to £62m, has undergone a radical change over the past year, selling off some of Britain's best-known brand names (Raleigh, Creda, Russell Hobbs) to concentrate on international leadership in three specialised engineering sectors. The transition has gone smoothly, and this week's figures showed that the group's underlying businesses have been putting on their best performance for years.

Coincidentally, TI also announced this week that it was reviving its bid for Bundy, the leading US manufacturer of small diameter tubing – and had agreed to pay more than under its original deal last September which was abandoned abruptly after October's market crash.

The renewal of the offer reflects a belief that markets have stabilised, while the higher price is explained by Bundy's better-than-expected earnings growth in recent months.

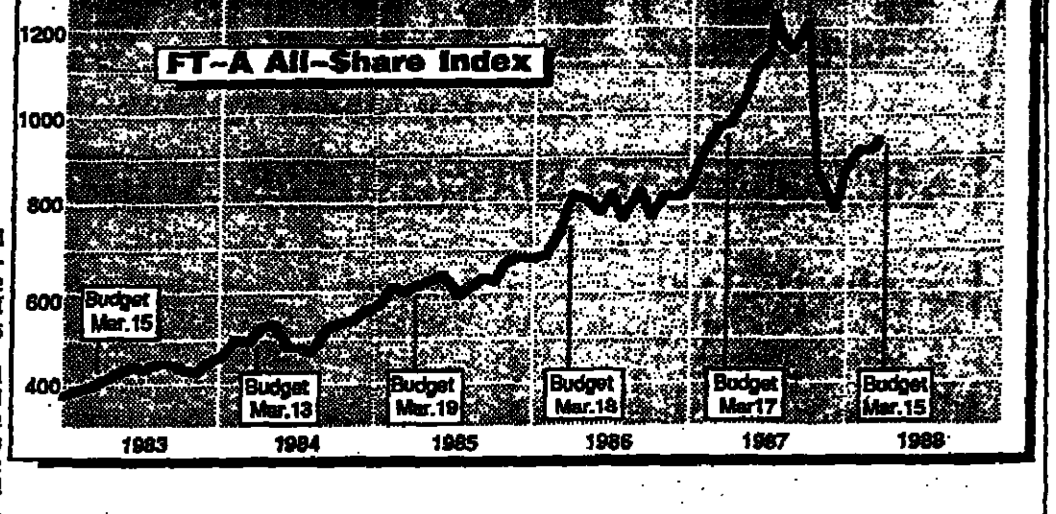
Among the week's most interesting share price movements was the rapid advance of British Aerospace as Professor Roland Smith, its avuncular chairman, toured the City canvassing support for BAe's proposed takeover of Rover, the automobile group. He is clearly winning converts, although many analysts are still opposed totally to the link-up.

However, the week's most exciting corporate developments were probably in the oil sector. Shares in Enterprise Oil shot up on the news that it had made one of the largest finds by a UK independent, with the discovery of a 150m-175m barrel field. It will call this Nelson, since both its offices are close to the great admiral's statue in Trafalgar Square.

Meanwhile, the week saw very heavy turnover in the shares of British Petroleum. This was followed by the revelation yesterday that the Kuwait Investment Office now owns more than 21 per cent of the company, although it says it intends to buy no more than 22.5 per cent.

Even so, it has defied requests by both BP and the British Government that the stake be limited to 20 per cent. Horatio Nelson would not have been amused.

Martin Dickson



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987/88 High	1987/88 Low	
FT Ordinary Index	1449.9	-28.8	1926.2	1232.0	Sterling rate uncertainty.
Abbey Life	253	-20	346	183	Budget tax reform fears.
Barclays	483	-40	655	364	Profit-taking after recent rise.
British Aerospace	374	+14	689	267	Rover acquisition prospects.
BP	274	+24	416	234	Sustained Kuwaiti & US buying.
Dubilier	151	+14	245	117	£37m disposal/preliminary figures.
Enterprise Oil	347	+32	351	181½	Nelson oilfield discovery.
ICI	£10⅞	-⅞	£16½	937	Currency influences.
Kennedy Brookes	391	+101	467	203	Bid approach.
Michael (J.) Design	38	+11	135	23	Bid approach.
Palma Group	94	+16	99	41	Good annual results.
Perry Group	228	+23	333	139	Analysts predict further growth.
Rank Organisation	689	+36	826	484	Ahnert Entertainments acquisition.
Redfearn	486	+32	617	325	Broker's recommendation.
Reed International	414	-28	633	399	Profit-taking after recent rise.
Scot. & Newcastle	281	+31	393	189	Elders IXL stake speculation.
Systems Reliability	150	+45	220	97	Partial bid from Hillsdown Inv.

When the eyes have it

Junior Markets

THERE WAS a time when people wore glasses to stop themselves falling over their feet. Then, along came contact lenses; and those who were vain enough struggled to get used to wearing uncomfortable bits of plastic in their eyes as well as spending vast amounts of time and money cleaning, soaking and sterilising them.

Although contact lenses proved popular, their impact on the ocular world was limited in comparison with the effects of deregulation of the opthalmic industry at the end of 1984. Apart from abolishing National Health glasses, which accounted for 50 per cent of the market, deregulation ended the qualified optician's monopoly on prescriptions and issuing lenses and glasses.

Prices of spectacles have come down, while the goods themselves have been transformed into fashion accessories rather than necessities.

Opticians also emerged from their often-gloomy practices into gleaming premises selling designer spectacles and multi-coloured lenses, with a number of new chains coming into the market.

For those smart enough to exploit the opportunities, the past three years have been a heaven-sent opportunity, with the UK spectacle market worth around £325m a year. One such company is the USM-quoted, Liverpool-based Miller & Santhouse, the success of which in the north-east negates the oft-quoted myth that one can only make money in the south.

Until now, Miller has got only as far south as Luton's Arndale Centre, although it will be opening three shops in London in the next month including a prestigious Bond Street site.

This week, Miller announced t had doubled the number of practices as well as profits, earnings and turnover. Interim profits for the six months to December 31 were £502,000 (£251,000), with most of the growth coming from higher trading in existing stores rather than just from opening new ones. The 33 new shops which have opened since June last year – taking the total up to 63 – will make more of a contribution to the next results.

Miller appears to be one of the more efficient and marketing-conscious optical chains, buying directly from the manufacturer, bypassing importers and wholesalers, and using its own design team.

Sarah Mellor, an analyst at Wood Mackenzie, argues: "Miller has been very sensible about expansion, keeping costs low with a new computer stock control system and planning further ahead." Miller's flair for retail stems, she believes, from the personality of Maurice Miller, the chairman. "He's really a frustrated retailer - not your usual optician at all."

The problem is that the optical boom is bound to stop one day. Eventually, consumer preference might swing back from fashionable frames and the speed of fittings towards the emphasis on old-fashioned quality.

Maurice Miller concedes: "The time must come when it all slows down, but that is why we aim to have several divisions so that the company is not reliant on one area." The first step is to sell own-brand contact lens solutions (which, as anyone who wears contact lenses knows, eventually cost far more than the lenses did in the first place; at least £120 a year).

Miller estimates the total UK lens solution market will be worth £80m by 1989, while the contact lens market itself was worth about £60m in 1985.

He has further marketing ventures up his sleeve in the near future, although the company will not be going outside the eye market. Immediate growth is unlikely to slow down, but the shares are looking pretty expensive. On Wood Mackenzie's forecast of £1.5 (£611,000) for the present year, the prospective p/e is a heady 24 times.

Another fast-growing USM company, Bluebird Toys, announced an increase in pre-tax profits of 43 per cent this week - although it wasn't enough for some analysts who were expecting more. Bluebird, which was founded by Torquil Norman in 1981, came to the USM in 1985 and has around 3 per cent of the UK toy market.

Bluebird is working hard to cope with the change in demand away from character merchandise based on people like Postman Pat and engines like Thomas the tank to good, old-fashioned toys.

Meanwhile, Psion, which makes hand-held computers, is coming to the USM with a placing which values the company at £16.6m. Psion makes the Organiser II, which is the gadget used at the check-out counter in many Marks & Spencer stores for price checks and with its charge cards. Although its use is largely in the corporate field, it is also available to consumers as a personal organiser selling at £100 upwards.

The company's earlier reliance on computer software, and then an unfortunate venture into ICL and Sinclair computer distribution, has been replaced by a dependence on the Organiser II, which accounts for as much as 90 per cent of sales.

Heather Farnbrough

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	2.80	2.84	2.14	1.56	monthly	1	-	0-7
High interest cheque	5.00	5.12	3.86	2.81	monthly	1	1,000-4,999	0
High interest cheque	5.40	5.54	4.17	3.04	monthly	1	5,000-9,999	0
High interest cheque	5.80	5.96	4.49	3.27	monthly	1	10,000-49,999	0
High interest cheque	6.20	6.38	4.81	3.50	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	4.00	4.04	3.04	2.21	half-yearly	1	1-250,000	0
High interest access	5.75	5.75	4.33	3.15	yearly	1	500 minimum	0
High interest access	6.00	6.00	4.52	3.29	yearly	1	2,000 minimum	0
High interest access	6.50	6.50	4.90	3.56	yearly	1	5,000 minimum	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	10,000 minimum	0
90-day	6.75	6.86	5.17	3.76	half yearly	1	500-9,999	90
90-day	7.00	7.12	5.36	3.90	half yearly	1	10,000-24,999	90
90-day	7.25	7.38	5.56	4.04	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bond	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue♦	7.00	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	5.76	5.76	5.76	5.76	not applic.	3	-	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	5.27	5.40	4.07	2.96	monthly	1	2,500 minimum	0
Provincial Trust	6.58	6.78	5.10	3.71	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCK§								
5pc Treasury 1986-89	7.60	6.21	5.29	4.52	half yearly	4	-	0
8pc Treasury 1992	9.16	6.95	5.47	4.25	half yearly	4	-	0
10.25pc Exchequer 1995	9.26	6.58	4.79	3.30	half yearly	4	-	0
3pc Treasury 1990	6.87	6.02	5.45	4.98	half yearly	4	-	0
3pc Treasury 1992	7.18	6.29	5.69	5.20	half yearly	4	-	0
Index-linked 2pc§§	7.14	6.59	6.23	5.92	half yearly	2/4	-	0

*Lloyds Bank †Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £5,000 §Source:Phillips and Drew. §§Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Glaxo set for a comeback

IT IS HIGH SEASON for household names next week, and economic indicators from both the UK and the US are coming in apace. So while the Chancellor, Nigel Lawson, will dominate Tuesday with an expected give-away Budget, other matters may call for attention both before, and after the event.

Monday brings UK retail sales for February, reflecting the net disposable income that the market likes to speculate about; and the producer price index, touching upon the less popular topic of inflation, as markets saw in the US this week.

The day also hosts interim figures from Glaxo, which wowed the analysts with a 45 per cent jump in pre-tax profits to £376m at this time last year.

It was all downhill after that. Glaxo's full-year results disappointed the market in mid-October, just in time to take an already weak share price into Black Monday and subsequent worries about exchange rates and

Results Due

their translation effect on US turnover.

The company's chairman, Sir Paul Girolami, said in December that exchange rates had chopped Glaxo's turnover back from a potential £880m for the first five months of 1987-88 to an actual £770m, against £727m in the same period of 1986-87.

However, analysts now say that while dollar earnings account for 40 per cent of Glaxo's profits, and a larger proportion of its growth, it does at least export very little to the US from the UK; export sales, they say, go in from Singapore, and those prices are dollar-linked to begin with.

They forecast flattish pre-tax profits at the half-way mark, a small increase in earnings after a lower tax charge, and £840m pre-tax for the year, against £746m last time.

Jaguar, in its results next Wednesday, is expected to show that it has had the rising dollar well hedged, apart from the effect of a late surge in sterling towards the end of last year.

Unfortunately, it did not quite get the production to feed the unit sales of 49,000 or better which had been expected; costs over-ran on the launch of the XJ40 in the US and in other markets; and analysts who have been revising their figures down, on and off, since first-half profits

Sir Paul Girolami of Glaxo

showed a drop of a third last August, are now going for a £96m pre-tax total while they look ahead to renewed growth and £125m in the present year.

Sir John Egan, Jaguar chairman and chief executive, has just reported February 1988 sales at the highest level ever recorded and the company is looking for a 17 per cent increase in production this year. But it has, apparently, lost the long waiting lists it had for sales in the formerly ebullient US market. Now, it has to hustle on the sales front.

Wednesday also sees the PSBR for February; but perhaps, by that time, market strategists will have been seduced away from domestic matters by the sheer anticipation of the US trade balance on Thursday. Otherwise, Thursday offers a wide corporate selection: big and boring, complex, new and exciting, or somewhat tarnished in the reputation department.

Where BTR is concerned, the boredom seems to be a matter of fashion, and perception. Conglomerates are not exactly "in", and BTR itself has underperformed the all-share by 16.9 per cent over the past 12 months – a weakness which coincides with its failure to acquire Pilkington last winter.

After an excellent first half, estimates for the full year have been trimmed back to £600m pre-tax, against £505m in 1986, reflecting foreign currency weakness.

Complication comes with Legal & General; due to take hurricane losses for 1987 instead of the exceptional life profits it enjoyed the year before. On top of that, the results are being restated at pre-tax level, where analysts expect a total of £75m against £101.9m previously, with the exceptional profits accounting for all, and more, of the difference.

Among the oils, Enterprise (results Friday) replaces Britoil (Thursday,) as the independent with stock exchange appeal. In merchant banking, Morgan Grenfell, results from which also are due on Thursday, is expected to show a drop of a third in second-half profits and something like a fifth for the year. The bank is 150 years old this year but its celebrations may be marred by the continuing turmoil over the Guinness affair.

Other big names on the results list next week include Transport Development Group on Monday, United Biscuits on Wednesday and Rowntree on Thursday. Off the list, BAA is making a presentation to analysts on Friday.

Sir John Egan of Jaguar

William Cochrane

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in pence unless otherwise indicated				
Britoil‡	500*	522	294	2.52bn	BP
City Merch't Dev	95	96	100	89.70	Imry Intl.
Est. Prop. Inv.	240*	246	230	58.19	Peachey Prop.
Hampton Trust‡	88	88	108	77.34	Southend Prop.
Henderson Group	375*	369	341	84.19	Hepworth C'mic
Henderson Group	346	369	329	77.68	Newman – Tonks
MS Intl.	130*	126	83	34.71	Dobson Park
Moorgate Merc.	140§	138	138	36.40	Woodchester Invs
Oilfield Insp.	63*	64	62	4.49	Ifincorp
Phoenix Props.‡	167	167	149†	61.60	Mountleigh
Share Drug	305*	303	315	32.02	Woolworth Hldgs
Tricentrol‡	200*§	199	190½	185.73	Atlantic Rich.
Wigfalls	225*§	223	209	16.00	Dixons

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 11/3/88. †At suspension. §§Shares and cash. ♣Releated to NAV to be determined. ♥Loan stock. ♣Suspended

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abbeycrest	Dec	2,360	(1,380)	11.1	(6.7)	2.0	(-)
Abbott Mead	Dec	4,040	(2,950)	19.7	(15.1)	4.5	(3.5)
ADT (Hawley)	Dec	94,800	(12,320)	-	(-)	-	(-)
Allied Partner	Dec	3,610	(1,650)	4.2	(2.3)	1.5	(1.0)
Amercoeur Energy	Dec ♣	116	(142 L)	-	(-)	-	(-)
Antler	Dec	1,110	(871)	12.2	(9.8)	3.5	(2.0)
Antofagasta	Dec	12,200	(9,080)	34.3	(29.7)	10.0	(8.5)
Arlington Sec	Dec	14,650	(7,050)	14.2	(4.3)	4.0	(2.2)
Bedford William	Dec	817	(759)	11.0	(10.2)	4.6	(4.5)
Bensons Crisps	Nov	723	(420)	5.9	(5.3)	0.5	(-)
BICC	Dec	128,000	(101,000)	29.8	(22.7)	13.0	(11.7)
Blagden Ind	Dec	8,000	(6,000)	15.2	(12.9)	7.7	(7.2)
Bluebird Toys	Dec	2,490	(1,740)	25.2	(18.1)	6.2	(4.1)
Braime TF&JH	Dec	213	(190)	9.0	(7.5)	5.0	(4.5)
BSR Int'l	Dec	16,400	(10,170)	9.4	(6.4)	3.0	(2.7)
Bullers	Dec	204	(555)	0.4	(5.4)	2.0	(2.0)
Cambridge Elec	Dec	13,010	(10,100)	19.9	(14.7)	8.5	(8.0)
Castle's Hldgs	Dec	4,860	(3,610)	5.7	(4.2)	2.5	(2.0)
Chartsearch	Dec	908	(247)	2.3	(0.5)	-	(-)
City & Comm	Jan	1,770	(1,730)	5.4	(5.1)	5.4	(5.1)
City Merchant	Dec	8,720	(149 L)	10.7	(-)	-	(-)
Cityvision	Nov	1,060	(307)	2.5	(1.4)	0.5	(-)
Coats Viyella	Dec	213,000	(176,790)	29.0	(23.6)	8.7	(7.2)
Collins William	Dec	24,100	(15,500)	41.0	(30.4)	11.7	(9.2)
Comm Bnk Near E	Dec	1,020	(1,050)	-	(-)	-	(-)
Copymore	Dec	1,310	(490)	8.4	(2.5)	2.0	(-)
CRH	Dec	39,880	(29,110)	13.7	(12.4)	4.0	(3.7)
Dares Estates	Dec	5,100	(747)	2.1	(0.5)	0.5	(0.1)
Dubilier Int'l	Dec§§	6,700	(5,060)	12.3	(10.6)	4.3	(3.1)
Era Group	Dec	5,360	(2,890)	6.4	(3.8)	2.5	(0.5)
Expamet Int'l	Dec	8,430	(5,730)	15.9	(14.5)	7.5	(6.7)
Federated House	Dec	4,430	(2,520)	27.4	(16.5)	5.0	(4.0)
GKN	Dec	146,500	(130,970)	34.7	(28.5)	14.5	(13.0)
Greggs	Dec	4,270	(3,250)	24.8	(18.7)	7.5	(5.7)
Hawk Sidd (Can)	Dec	18,000	(14,940)	-	(-)	-	(-)
Hewitt J & Son	Dec	797	(1,320)	13.3	(25.5)	5.0	(5.0)
Heywood Williams	Dec	20,200	(10,550)	29.2	(19.4)	9.5	(7.7)
Hillsdown Hldgs	Dec	110,300	(54,900)	22.0	(16.3)	4.7	(3.8)
Inoco	Dec	233	(967 L)	0.4	(-)	-	(-)
Jacob W&R	Dec	2,190	(1,770)	-	(-)	8.0	(7.0)
Jourdan Thomas	Dec	1,830	(2,061)	9.4	(12.6)	4.8	(4.5)
Kode Int'l	Dec	2,740	(2,130)	30.7	(23.7)	15.5	(13.0)
Ladbroke	Dec	160,200	(101,300)	29.3	(23.2)	13.9	(12.5)
Laidlaw Thomson	Dec	1,250	(760)	12.8	(9.1)	4.8	(4.2)
Lambert Howarth	Dec	2,100	(2,020)	27.4	(24.1)	8.5	(7.0)
Law Debenture	Dec	3,600	(3,250)	10.7	(10.0)	8.5	(7.5)
Leisuretime Int	Oct	1,300 L	(140 L)	-	(-)	-	(-)
Low & Bonar	Nov	20,600	(18,800)	17.5	(17.3)	6.0	(5.3)
Miss World	Dec	659	(602)	19.6	(18.5)	8.0	(6.0)
MTM	Dec	5,100	(4,200)	11.7	(10.6)	3.0	(2.7)
Nichols JN (Vim)	Dec	5,960	(5,910)	21.5	(20.6)	7.7	(7.0)
Pacific Sales	Dec	695	(-)	-	(-)	-	(-)
Palma Group	Dec	2,100	(1,640)	7.5	(6.2)	3.0	(2.5)
Paragon Comm	Dec	710	(303)	8.9	(3.5)	1.8	(-)
Pentos	Dec	7,800	(5,000)	7.2	(5.7)	1.3	(0.9)
Perry Group	Dec	6,030	(4,700)	20.1	(15.8)	7.3	(6.0)
Persimmon	Dec	12,600	(6,100)	13.0	(7.0)	2.2	(1.6)
Phicom	Dec	1,800	(403)	-	(-)	0.8	(0.5)
Pittard Garnar	Dec	6,360	(5,310)	19.6	(16.8)	5.9	(5.1)
Readymix	Dec	712	(630)	-	(-)	-	(-)
Robinson Thomas	Dec	12,320	(3,080)	39.9	(18.0)	8.0	(3.0)
St Modwen Prop	Nov	2,620	(1,080)	2.2	(1.5)	0.5	(0.2)
Sale Tilney	Nov	7,330	(5,170)	21.1	(19.2)	10.0	(8.0)
Spong Hldgs	Oct	1,040	(-)	1.0	(-)	0.4	(-)
TI Group	Dec	62,300	(35,200)	29.6	(23.4)	10.0	(8.0)
Tyne Tees TV	Dec	6,500	(4,200)	78.8	(50.8)	27.5	(18.7)
Ultramar	Dec	106,000	(74,800)	15.8	(-)	6.5	(5.2)
Wyevale Garden	Dec	754	(594)	9.5	(7.9)	2.9	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Restaurants	Jan	370	(305)	0.5	(-)
Arenson	Jan	904	(351)	1.1	(0.5)
Attwoods	Jan	5,730	(4,300)	2.0	(1.5)
Bailey Ben	Dec	384	(112)	0.6	(0.4)
Bejam	Dec	12,350	(11,640)	2.5	(2.2)
Bolton Textile	Oct	42 L	(157 L)	-	(-)
Britannia Security	Dec	4,350	(2,030)	0.9	(0.7)
Cala	Dec	1,550	(1,030)	0.8	(0.1)
Castletown Press	Oct	64	(-)	-	(-)
Cont Microwave	Dec	437	(370)	1.1	(1.0)
Frogmore Estates	Dec	22,730	(8,360)	2.3	(2.1)
Green Ernest	Dec	982	(767)	1.7	(1.5)
Haggas John	Dec	1,820	(1,730)	1.0	(1.0)
High Point Services	Nov	659	(401)	2.0	(1.7)
Int'l Colour Man	Dec	473 L	(500 L)	-	(-)
Irish Glass	Dec	577	(502)	-	(-)
Marcol Group	Dec	460	(396)	0.7	(-)
Merivale Moore	Dec	3,460	(3,340)	2.2	(1.1)
Michael Peters group	Dec	530	(312)	1.5	(1.2)
Miller & Santhouse	Dec	502	(251)	1.2	(0.7)
Mucklow A&J	Dec	3,250	(2,780)	2.8	(2.6)
Parker Knoll	Jan	4,400	(2,800)	7.0	(5.0)
Pineapple Group	Jan	1,470	(358)	-	(-)
Polytechnic Elec	Nov	310	(12)	-	(-)
Precious Metals Tst	Jan	417	(120)	-	(-)
Prestwich Hldgs	Dec	4,060	(3,820)	0.5	(0.4)
Sinclair William	Dec	823	(522)	2.0	(1.5)
Synapse Computer	Jan	413	(337)	-	(-)
Woodchester Inv	Dec®	6,840	(3,330)	1.1	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ this years figures for 18 month period.§§ figs 15 month period.® figs 9 month period.

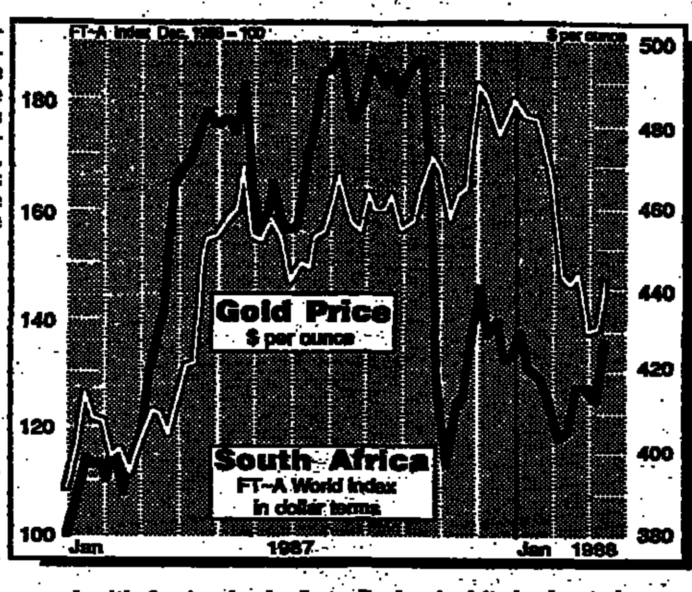
RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int	Last year Final	This year Int
FINAL DIVIDENDS				
Admiral Computing	Thursday	-	5.6	-
Alida Holdings	Monday	2.2	5.7	2.5
Appleyard Group	Monday	1.7	4.2	3.5
Baynes Charles	Thursday	0.3	-	-
Beatson Clark	Thursday	3.3	5.2	3.3
British Vita	Monday	2.7	3.7	4.0
Britoil	Thursday	2.0	6.0	3.0
BTR	Thursday	3.5	4.7	4.2
Camellia Investments	Monday	8.0	6.0	7.0
CCF Group	Thursday	0.7	1.3	1.2
Church & Co	Thursday	2.5	7.0	3.0
Citygrove	Monday	-	1.5	-
Clarke T	Thursday	-	2.7	-
Corah	Tuesday	1.5	2.4	1.6
Davidson Pearce	Monday	1.2	1.8	1.2
Dean & Bowes	Monday	1.0	2.0	-
Delta Group	Thursday	2.8	5.0	2.9
Doeflex	Thursday	-	1.1	-
DRG	Wednesday	3.6	5.7	4.1
Duncan W & Goodricke	Thursday	-	20.0	-
Edinburgh Fund Managers	Monday	2.5	5.5	4.0
Enterprise Oil	Thursday	3.5	5.0	4.0
Fisher James & Sons	Monday	1.6	0.3	1.7
Glynwed Int'l	Monday	3.6	6.5	4.3
Halls Home & Garden	Thursday	-	-	-
Hampden Homecare	Thursday	0.5	1.1	0.5
Hibernian Group	Monday	-	3.6	1.3
Ingham George & Co	Friday	0.7	1.5	1.0
Invergordon Distillers	Monday	1.5	3.7	1.7
Jaguar	Wednesday	3.3	8.2	3.7
Keep Trust	Monday	2.2	4.5	3.0
Legal & General	Thursday	3.2	6.5	3.8
Low Howard Spink & Bell	Tuesday	2.7	5.3	3.4
Mayborn Group	Thursday	-	-	1.2
McLaughlin & Harvey	Thursday	2.0	5.0	-
Morgan Grenfell	Thursday	3.5	7.0	3.8
Norfolk Capital	Monday	0.1	0.2	0.1
Portland Industries	Monday	0.08	0.3	0.1
Ransomes Sims & Jefferies	Monday	1.8	4.3	2.0
Refuge Group	Thursday	5.0	10.7	5.7
Renaissance Holdings	Tuesday	-	-	-
Renishaw	Monday	0.8	1.7	-
Richardsons Westgarth	Thursday	-	-	-
Robinson Bros (Ryders Green)	Tuesday	-	-	-
Rowntree	Thursday	4.4	9.2	5.0
Simon Engineering	Thursday	2.7	6.8	2.7
Spandex	Wednesday	-	2.0	1.0
Steel Burrill Jones	Wednesday	2.4	6.8	2.7
Sykes Pickavant	Friday	-	-	-
Transport Development Group	Monday	2.0	5.5	-
TR Pacific Basin Inv Tst	Tuesday	0.5	0.5	0.5
United Biscuits	Wednesday	3.5	6.0	4.0
Watmoughs Holdings	Thursday	1.7	4.8	2.0

MARKETS

Johannesburg faces a loaded golden gun

NIGHT AFTER night of television coverage of floods devastating vast areas of the Orange Free State, Natal and northern Cape has distracted South Africans from a potentially greater problem - a crumbling gold price. For, if some analysts are right, gold's performance could devastate the economy and stock market more than the floods.



South Africa

Summer rains had started well enough towards the end of last year, falling at just the right time to promise bumper crops in drought-hit maize lands. At the same time gold was heading towards $500/oz and almost every indicator pointed to a year in which South Africa might buck the recessionary trend threatening the rest of the world. But as the rains have turned to floods, carrying away over a billion rands of crops, roads, houses, bridges and dams, gold's recent drop below $430 has added to the country's woes, even though the metal's price recovered partially this week.

In January the trade surplus dropped to R550m from December's R779m. If this persists there will be question mark over the country's ability to service its foreign debt, let alone repay loans on the three-year schedule agreed with foreign banks last year. Last year the South African Reserve Bank used an average gold price of $500/oz to calculate the country's ability to repay its foreign debt, and every $10 fall below that level cuts foreign exchange earnings by about $390m.

Interest rates, which have dampened the stock market, are already rising and are likely to go higher if the domestic economy is reined in to curb imports. On Tuesday this week the Reserve Bank raised its bank rate by one percentage point to 10.5 per cent and was followed by the commercial banks. Not surprisingly the Johannesburg Stock Exchange (JSE) has fallen this year after initially recovering part of last October's losses. The all-market index had peaked at 2,804 on October 19 and plunged 40 per cent to the year's low of 1,675 on November 5. The subsequent recovery, which came with gold's advance towards $500, lifted the index to 1,890 on January 7 before the rot again set in. By late this week the overall index was in 1,640 territory, with some stockbrokers talking of a three-year bear market.

Mr Mike Brown of broking firm Davis, Borkum, Hare is pessimistic. "The market was grossly over-valued back in October after a five-year bull run and the correction since then has not yet resulted in yields with which investors are comfortable." At present the market's overall dividend yield is 5.0 per cent and Mr Brown believes that the market could stabilise when prices drop another 10 per cent or more and yields reach a "comfort zone" of 6 per cent. At that point investors can wait comfortably until other factors, such as a gold price rise, give the market new direction.

Mr William Bowler, research director of Fergusson Brothers, takes a less dismal view. He believes that the market has reached its bottom, though he is reluctant to say when the indices will recover. Fundamentally the JSE is not performing because of gold's weakness and because other stock markets are rising and offer better value to foreign investors. If mining analyst Mr Keith Bright is correct, recovery is several years ahead. He fears gold could drop below $350 as new mine production from half a dozen countries adds to the present over-supply and as investors affirm their preference for income-producing investments, rather than gold.

FT-ACTUARIES WORLD INDICES

Country	£ Sterling % change from Jan.4th 1988	£ Sterling % change since Oct.19th 1987
Australia	+9.6	-36.7
Austria	-5.9	-17.9
Belgium	+40.4	+17.9
Canada	+8.5	-4.5
Denmark	+8.4	-6.3
France	+2.7	-15.3
W Germany	+10.7	-21.3
Hong Kong	+16.9	-31.4
Ireland	+16.8	-24.7
Italy	-0.1	-23.9
Japan	+21.4	+0.5
Malaysia	+6.8	-29.9
Mexico	+44.7	-60.9
Netherlands	+9.9	-8.1
New Zealand	+3.9	-43.2
Norway	+12.6	-38.4
Singapore	+15.9	-28.7
S Africa	+3.6	-35.2
Spain	+14.5	-17.3
Sweden	+25.3	-11.9
Switzerland	+8.7	-18.5
UK	+5.5	-11.5
USA	+5.3	+5.8

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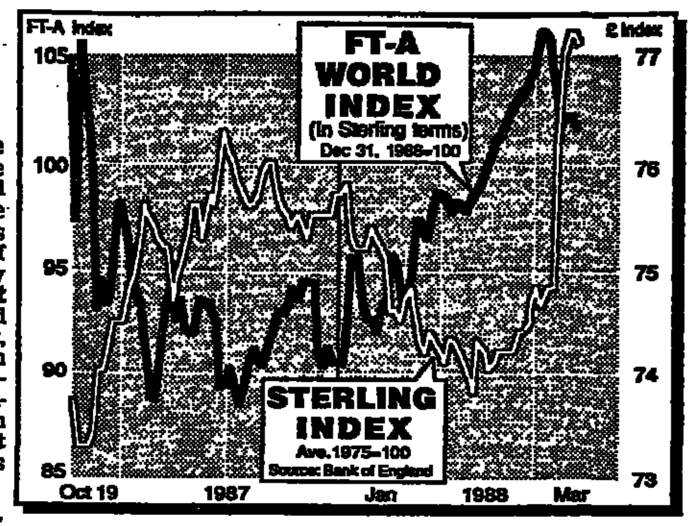
Of course, the gold price does not single handedly determine the direction of the Johannesburg market. About half of the market's capitalisation is made up of mining or mining-related stocks, and their earnings are being squeezed by cost increases which increased the rand cost of producing each ounce of gold by 22.5 per cent last year. Mr Bright expects cost increases to exceed inflation by at least 2 per cent, with little prospect of the margin narrowing, though mine revenues will be protected by a weakening exchange rate. South Africa is no longer a low-cost gold producer, and the position is worsening.

Mr Richard Stuart, a director of Martin & Co, concurs about gold, adding that mobilisation of above-ground reserves threatens the price. Taking a more local view he sees the present malaise of the JSE as being partly derived from the market's relatively few participants. Fund managers are reluctant to commit funds to the market and this has sharply reduced the market's liquidity. In the frantic trading of last October's crash the daily turnover of the JSE regularly exceeded R100m. Lack of interest these days has cut turnover figures to between R20m and R30m.

Volumes, too, are depressed by lack of foreign demand for gold shares, the yields of which to overseas investors have been rendered less attractive by the financial rand's rise to about $0.35. It now discounts the commercial rand by a comparatively narrow 25 per cent, whereas a year ago the discount was nearer 50 per cent and foreigners could count on yields of well over 20 per cent on South African gold shares.



Local institutions are, in any event, keeping their investment powder dry, Mr Stuart says, accumulating funds likely to be needed when the Government's privatisation programme gets under way. They are no longer attracted to comparatively speculative new issues, which flooded onto the market last year, as many blue chip companies can be bought at present on comparatively low prospective price/earnings multiples and high dividend yields.

However, while new issues have dried up, there is plenty of fundamental value in the market, Mr Stuart believes. De Beers, which fell from R60 to R22.50 when October's crash raised the spectre of world recession and crumbling diamond sales, has recovered to R28.50 and could go further if reports of record diamond sales at the February 22 sight prove correct. Nevertheless, no-one is prepared to bet on perceptions of fundamental value lifting the market. As usual the JSE is only likely to develop a head of steam when everyone believes that gold has bottomed and can sustain any price advance.

James Jones

The perils of the programme

AFTER THE events of the past two weeks, there can be few investors left unpersuaded about the malign effects of programme trading. The sudden 48.24 point collapse of the Dow Jones Industrial Average on Thursday exactly mirrored the equally unaccountable 48.41 point surge on Monday of last week. With the rollercoaster ride completed, the stock market was back by yesterday lunchtime to precisely the point where it had taken off on Friday two weeks before.

This seemingly pointless gyration, in addition to separating more speculators and investors from some of their money, established three important facts. First, it demonstrated beyond reasonable doubt that computerised programme trading remains an enormously powerful influence on short-term movements in stock market prices, as well as a major threat to stable investment conditions on Wall Street.

Wall Street

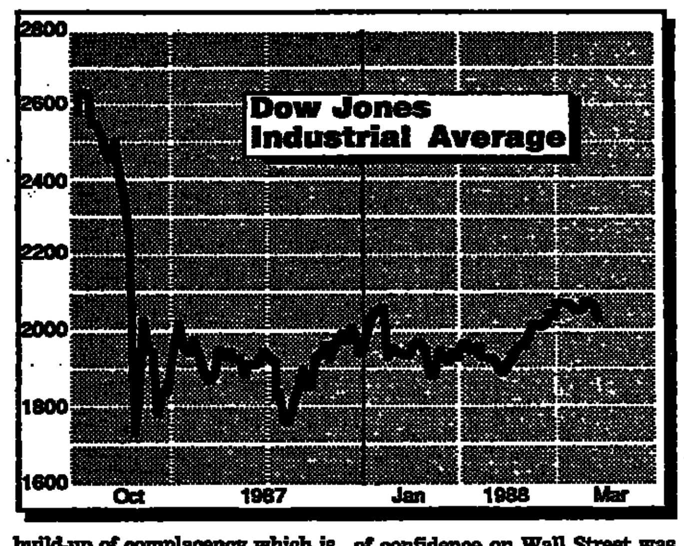
The evidence may be circumstantial, but it is becoming irrefutable. Between October last year and January this year, there were 11 days when the Dow swung by more than 75 points in one direction or the other. The most recent days of such extreme volatility were January 4, when the Dow jumped 76.42 and January 8, when it collapsed by 140.58.

In response to these horrors, the New York Stock Exchange introduced curbs on programme trading in mid-January. From January 15 onwards it banned programme traders from using its computer system on any day when the Dow moved up or down by 75 points or more. Lo and behold, the 75-point swings in the Dow which had become an almost weekly occurrence, suddenly vanished without trace. The biggest daily movement since January 15 has been a fall of 57.20 on January 20. On February 4, the stock exchange moved a step further and stopped programme trading after a 50-point swing in the Dow. Surprise, surprise, there has not been a single day since February 4 with a swing of 50 points on the Dow.

In fact, the market moved as if the 50-point range were a constraint not only on the computer programmes, but also on on all human investors. The biggest oscillations have been a jump of 47.58 on February 10, another advance of 48.41 on February 29 and then Thursday's fall of 48.24. Given that there was no significant follow-through after any of these gyrations, it seems quite possible that the market's volatility could have been reduced even further – say, to 38 points a day instead of 48 - if the range for programme trading had been narrowed from 50 to 40 points.

What does this matter to anyone interested in longer-term investment, rather than day-to-day speculation? It matters because extreme price volatility has made many people think twice about putting their money into the stock market. The stock market has come to be seen as an arena for commodity-type speculation. The result has been to frighten away many investors, including even some of the institutional fund managers.

In the long run, this kind of fear about the stock market's stability could have a seriously adverse effect on equity prices. In the immediate future, however, the impact may be perversely beneficial. By keeping investors nervous, the volatility is probably helping to forestall the



build-up of complacency which is to signal the next downward leg of the bear market.

This leads to the second important lesson. Thursday's sudden drop in equity prices demonstrated that the apparent revival of confidence on Wall Street was about as firm as President Reagan's grasp of how to balance the US budget. Despite all their brave talk about the regeneration of US manufacturing industry, about the impossibility of a recession and about the huge profits which are still to emerge from ever more audacious takeovers and corporate restructurings, the bulls remain terrified. They head for the hills at the first whiff of a bear raiding party.

The bulls' skittishness does not bode very well for medium-term prospects, either in the equity market or in the US economy at large. At this late stage in the business cycle, confidence – among industrialists, among consumers, even among stock market investors – can be an all-important factor in determining how long a geriatric economic expansion is able to survive. However, viewing the stock market in isolation, and doing so against a shorter time horizon, the palpable nervousness among investors is not, perhaps, such a bad sign. It suggests that share prices may have a good way further to rise before the next stage of the bear market begins.

This brings us to the third implication. Although the Dow is back more or less where it was two weeks ago, it remains well above the 2,000 barrier, which it had been struggling to breach throughout most of the post-crash period.

The technical analysts believe that the real test for the market is likely to come only when the pre-crash levels of 2,250 on the Dow and 280 in terms of the broader Standard & Poors 500 index are within investors' sights. For once the fundamental economic arguments point in the same direction as the technical analysis. It will probably take a month or two for the stock market to gather the courage for an attack on those levels. By that time the economic outlook for the US and the world may be clearer. If by then a recession becomes visible on the horizon, or the imrprovement in the US trade performance shows signs of stalling, the next – and worst – stage of the bear market will be ready to begin.

Monday	2056.36	– 1.49
Tuesday	2081.07	+ 24.70
Wednesday	2074.27	– 6.80
Thursday	2026.03	– 48.24

Anatole Kaletsky

John Edwards on what Mr and Mrs Average want from the Chancellor on Tuesday

Chesters chew over the family Budget

"IT'S GOING to be a smasheroo of a Budget this year. The election shackles are off the Tories, the Government's income is higher than it could have hoped in its wildest dreams, and this could be Nigel's last chance to make his name as a reforming Chancellor before he clears off to the Foreign Office or something. That's what all the pundits are saying in the City – next Tuesday's going to make everybody . . ."

"Oh do shut up Bernard," admonished his wife, Elaine Chester, fearing that their quiet family lunch was going to turn into a discussion about money, something she wanted to avoid at this stage, having just had a slight accident with the car.

Her fears were well founded. Robert, her husband's younger brother and a financial adviser, was quick to respond to Bernard's pontifications. "You pundits in the City have no more idea about what the Chancellor is going to do than anyone else," he scoffed. "I bet my predictions will be just as good if not better".

"One certainty is that cigarettes and booze are going to cost more after the Budget, and possibly petrol too. Nigel has a record of giving with one hand and taking back with the other.

Robert: predicting cuts in income tax

"He's virtually committed to reducing standard rate tax by 2p to 25p in the £ and cutting the top rate from 60 per cent. But he might introduce new intermediate bands to boost revenue and use his favourite ploy of boosting indirect taxation that no-one notices so much. He could take the ceiling off national insurance contributions and I reckon he will extend VAT as well – though not too far, because it would look like he was giving in to the European Community, and that wouldn't please the PM.

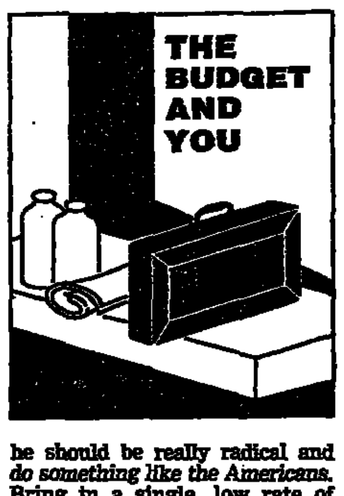
"He's also got to do something about personal equity plans, or the whole thing will wither away and die. It's already been an almighty flop and he won't like to have that kind of failure on his record. Some of my clients took an awful battering in October by not listening to my advice to get out of the stock market, and he's going to have his work cut out to get them back in again. Something really new will have to be thought up."

"If you will insist on talking about the Budget," said Elaine's sister Penelope, "I think the best thing that Mr Lawson can do is to stop discrimination against women and married couples. That's what I'm looking for. It's a scandal that wives can't be taxed seperately on their investments and that unmarried couples have double mortgage tax relief. That hussy down the road reckons she is saving at least £50 a month by not marrying the father of her children, if he is the father."

"You've touched on a sore subject there," said Gerald Chester, David's elder brother, who took over the family estate agency business when his father retired. "Nigel's already given some pretty broad hints that he wants to do something about couples living in sin – it does fit with the Tories' newly discovered reverence for the family and Victorian values. But, once he gets going, the Chancellor might have a go at another anomaly – tax relief on mortgage interest – which could create all kinds of hell in the property market. Things are still looking a bit dicey after the stock market crash, in our area around Surrey at least because we're in stockbroker belt. Scrapping or limiting mortgage tax relief would be a real blow. It might be all right to cut higher rate tax relief on mortgages, but if that happens the ceiling of £30,000 should be raised. It's way out of date."

Penelope: hoping for an end to discrimination

"That's right," said Bernard. "But the property market has gone mad in recent years and something has to be done to cool it down and switch investment into something more productive like shares. If the Chancellor really wants to be remembered he should be really radical and do something like the Americans. Bring in a single, low rate of income tax and scrap all the allowances and dodges that mainly provide work for accountants.



"Instead of tinkering around with different tax bands, he'd do better to get rid of the lot of them – all the distorting incentives that have been built up over the years around different forms of investment. Is it fair, for instance, that you get tax relief if you invest in shares indirectly through a pension fund, but not if you do it direct? That doesn't encourage small shareholders.

"And while he's at it, he should get rid of capital gains tax, stamp duty and all the other nonsenses that surround investment. Capital gains tax is the worst. It costs a fortune to collect, is incredibly complicated and only paid by a small number of people. Yet it does a lot of harm. Get rid of it and you would free up the whole stock market. Give people the chance to get rid of unwanted shares, and other property for that matter."

"Don't touch property, it's been the best investment of the lot over the years," chimed in his father. "My worry is for retired people like your mother and I. If he starts mucking about with tax reliefs we could lose the age allowance and the Government's already failed to keep child benefits in line with inflation, in spite of what they said. What if they do the same with pensions? They're discouraging state pensions already with their so-called pensions revolution. It could be the thin end of the wedge."

"Don't you worry about pensions, Dad," said Robert confidently. "The Chancellor may have a go at the life insurance companies, who he seems to dislike for no good reason. But pensions should be safe for the time being at least. Its a way of channelling money to the stock market and they're no longer going to be monopolised by the insurance companies. Personal pensions are going to be a huge market".

"Well let's see what we've got", said Stephen, Bernard and Elaine's 15 year-old-son, on holiday from school for the weekend.

● Grandad doesn't want much from the Budget. Except that pensions are increased at least in line with inflation, and that age allowance and mortgage relief are retained.

● Father wants all kind of things. Capital gains tax and stamp duty scrapped, and a flat rate of income tax to replace the present range.

● Uncle Robert wants lower taxes too; Peps to be pepped up; and no harm done to the life insurance or pension industries.

● Uncle David thinks mortgage interest relief should be extended, even if higher rates of tax relief go.

● Auntie Penelope wants fairer treatment for women and married couples.

● Mother, I'm sure, would like that too and lower tax rates to help father pay for the car repairs.

● As for me, I would like more pocket money from all the tax savings, a new bike and not too much on cigarettes and drink.

"How unselfish can you get?"

The family Chester...from left, merchant banker Bernard (married to Elaine), Penelope (Elaine's sister), Robert (financial adviser and Bernard's younger brother), Stephen (Bernard and Elaine's 18-year-old son, at a minor public school), David (42-year-old marketing director – earning £30,000 pa – of an engineering company), Gerald (David's elder brother, who took over the family estate agency), Elaine (married to Bernard), Hugh (retired, father to David and Robert), Kathleen (Hugh's wife), Helen (eight-year-old daughter of Bernard and Elaine), Bridget (another of Elaine's sisters, a 29-year-old unmarried career woman), Alice (Elaine's widowed mother, who lives alone in Hampshire) and the cat, Lawson.

Budget race card

Racing certainties

Increase in personal allowances ● Car benefit increase for 1989/90 ● Share scheme changes ● Increase in capital gains threshholds

5-4 on

2p off basic rate of income tax

Evens

Reduced top rate ● Changes to Business Expansion Scheme ● Changes in higher rate bands ● Increase in inheritance tax bands

2-1

Withdrawal of mortgage interest relief at higher rates

3-1

"Living in sin" mortgage interest relief abolished ● Increase in Personal Equity Plan limits

4-1

Increase in £30,000 mortgage interest limit ● VAT imposed on books ● Introduction of transferable personal allowance

6-1

Separate taxation of spouses' incomes

10-1

Abolition of life assurance product advantages ● Abolition of tax advantages of woodlands investment

12-1

Phased alignment of national insurance and tax rules ● Phased removal of employees' NIC ceiling

15-1

Abolition of capital gains tax ● Tax relief on medical insurance

20-1

Abolition of stamp duty on share transfers

50-1

Flat rate of tax on all investment income

100-1

Basic rate 20 per cent, top rate 40 per cent

Source: Coopers & Lybrand

The Great Investment Race is widening, but **Fiona Thompson** finds some cheer for the back markers

Enskilda claws back a measure of security

"IT'S wonderful. It means we can sleep again at night," says Diana Barran of Enskilda Securities, with not a little feeling.

The good news is that Enskilda has lifted itself from bottom place in the Great Investment Race league table, albeit by only one position up to the eighth slot. But, more important, it has climbed back from £6,000 below the £55,000 starting stake to reach £56,864.

The nine teams of fund managers have now passed the quarter stage in their year long contest to outperform both the market and each other. Their aim is to make as much money as possible, all of which is donated to charity by the race organiser Charity Projects.

"We have learnt from some of our mistakes," says Barran. "We're more prudent, mixing options and shares rather than concentrating just on options. And we've been more active and a bit more aggressive." Enskilda, the investment banking arm of Skandinaviska Enskilda, Scandinavia's biggest bank, has been in and out of foreign stocks, concentrating on Sweden, Holland and France and produced a healthy profit on dealings.

The bad news is that someone has to fill the ninth place slot and this month it is Bell Lawrie, the Edinburgh stockbroker. In seventh position last month, Bell's portfolio has slipped to £55,156, according to the WM Company, the performance measurement consultant which is evaluating race proceedings.

"It's Dee Corporation that let us down," says Bell's Alan Henderson. "We had a big position, 6000 shares. We've sold half, making a £1,400 loss. But we still think there is a recovery in it sometime." Bell is sticking to its original policy - to build up a portfolio to run for the length of the race. "We still have Pilkington, which is looking good, and Beecham and Scottish Newcastle are starting to perform. It's been a disappointing period admittedly," says Henderson. "We don't operate in the futures market but we may get more into options."

Three of the contestants have moved into triple figures this month, the Prudential, Nomura and Cazenove. The Pru is holding fast to the number one place, with £115,629, up from £93,625 last month.

"About half the increase is from playing around in index futures," says Trevor Pullen of Prudential, "and the rest from running the bull market. The market at the moment is at a critical phase. The reestablishment of confidence is fragile. We would expect to see it higher but I'm pretty nervous longer-term." The Pru has been bullish on the BM Group, buying 5000 shares to add to the portfolio - including Asda and Wimpey - it hopes to keep throughout the race. This month also notes the first deal the Pru has reported a loss on. "Our Wellcome put options expired worthless. We lost £5,000."

City stockbroker Cazenove recorded the biggest single increase, jumping from £73,670 to £103,577 and regaining the second place position after losing it last month to Nomura. Cazenove used a lot of the cash it made on the futures market the previous month to deal in individual stocks, making three whopping great profits - £10,000 on Sears options, £7,000 on Templeton Galbraith Hansberger and £5,000 on Hanson traded options, and a number of smaller ones.

"At the moment we are very liquid because of the Budget next week," says Bernard Cazenove. "We only have one very small investment, nothing in the UK. We're looking forward to seeing what Lawson says. There could be good opportunities over the next month. We certainly won't deal as he speaks but we may move in the next day."

Nomura, the Tokyo securities house, is in third place with £101,029. Investing purely in Japan, its been doing big deals and making big profits. "We have more confidence in the Tokyo market, it's back to its pre-crash level," says Andrew Jacobs. "We made about £10,000 with an overnight deal on Aichi Toyota, a dollar warrant issue, and we realised our profit, about £12,000, on Fuji Denki Reiki."

The money gap has now doubled between Nomura and its fellow Japanese securities house, Daiwa, which is in fifth place, unchanged from last month, with £63,095. Daiwa has sold two of its original three Japanese equity warrants and replaced them with two others. "I am still sticking to a fairly small number of stocks," says Anton Glegowski, "I don't believe in the scatter gun approach." The ideal number of stocks in Glogowski's portfolio would be one, "but we have taken more to minimise the risk." And as for catching up to Nomura? "I've got a bit more running to do."

Henderson, the independent fund management group, has maintained its fourth position and upped its stake to £70,988. The team has not done any share trading at all, dealing totally in UK and US index futures and gilt/bond futures. "We have bought gilts with a view to a pre Budget rally," says Claire Nowak. "We took a fair profit, £3,500, on FTSE put options, and on US Treasury bonds."

She is not discouraged by the widening of the pack. "We are not deterred by the super performances of the first three. Comparing ourselves with ourselves, another £12,000 is fine, splendid."

Capital House, the investment management arm of the Royal Bank of Scotland, has climbed from eighth to sixth position and increased the worth of its portfolio by over £10,000 to £62,049.

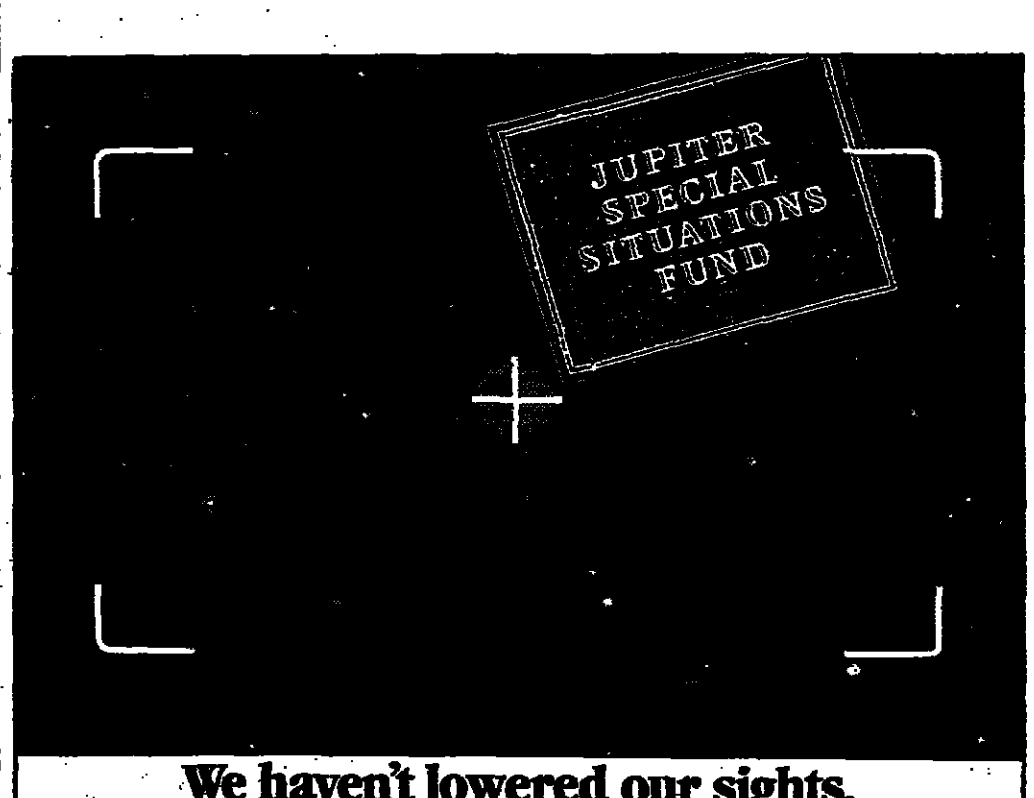
"We made nice profits on Shanks and McEwan, AG Archer, TIP and Persimmon," says David Kidd. "We're still showing losses on our Australian gold stocks but they have risen 20 per cent so they are much smaller losses. We're still quite cautious of the market, and concerned about inflation in the US."

Lying in seventh place with £59,265, Hoare Govett, part of the Californian bank Security Pacific, has not been very active. "We have been sticking to relatively good quality stocks in the UK, trying to make a small profit so that when the Far Eastern markets pick up we can make spectacular gains," says Peter Clark optimistically.

GREAT INVESTMENT RACE HOW THEY STAND

1	(1)	Prudential	£115,629
2	(3)	Cazenove	£103,577
3	(2)	Nomura	£101,029
4	(4)	Henderson	£70,988
5	(5)	Daiwa	£63,095
6	(8)	Capital House	£62,049
7	(6)	Hoare Govett	£59,265
8	(9)	Enskilda	£56,864
9	(7)	Bell Lawrie	£55,156

Source: The WM Company



Eric Short considers the advantages of what has been termed the 'in-house personal pension'

Money purchase plan is proving popular

IN PREVIOUS articles on the new pensions environment, we have described the State Earnings-Related Pension Scheme (Serps), company final salary schemes and personal pensions. There is a fourth option that is growing in popularity with employers, particularly small employers who have not previously had a company pension arrangement – the company money purchase scheme.

This combines certain features of company final salary schemes and personal pensions. It is often referred to as the in-house personal pension, even though such schemes have been in existence for decades. The main change is that, from April, employers will be able to use company money purchase schemes to contract-out of Serps.

The main features of Company Money Purchase Schemes are:

Contracting-Out. The minimum contribution needed to contract-out an employee from Serps is the National Insurance Contribution rebate. This will be 5.8 per cent of earnings between £2,132 and £15,860 a year. It is up to the employer, in negotiation with employees and their representatives, how this contribution is split. The employer can pay it all if desired, as is effectively done with a non-contributory, final salary contracted-out scheme, but usually the split would be based on the separate rebate contributions - 2 per cent by employees and 3.8 per cent by employers. This is the situation with Appropriate Personal Pensions. If employees have not been previously contracted-out, then these contributions would be enhanced by the 2 per cent incentive until 1993.

Employees get tax relief on their contribution, but unlike personal pensions, where it is used to enhance benefits, this relief goes into the employee's pocket by adjusting his or her tax code.

As a money purchase scheme, the contributions are invested accumulated to the Normal State Retirement Ages of 65 for men and 60 for women. The investment is made immediately, unlike personal pensions where it is made after the end of the tax year. The cash sum is used to buy a pension; no commutation is allowed. The pension has to be the same for men and women and must provide an automatic 50 per cent spouses' pension. It must increase by 3 per cent a year (or by the Retail Price Index if less).

Remainder Contributions and Benefits

Because it is a company-based pension scheme, the limits imposed by the Inland Revenue relate to benefits, as with a company final salary scheme, not contributions, as with personal pensions. Thus the maximum pension that can be provided is 2/3rds of earnings at retirement after 20 years service, with lower maximum for shorter periods.

However, because it is a money purchase scheme no set formula can be laid down for the ultimate pension. It is the task of the trustees, with their professional adviser, to ensure that the contributions paid do not result in the benefits going over these limits.

Usually, contributions above the contracted-out level are modest 3 or 4 per cent, with the employee making some contribution. The employee's contribution would be deducted from his gross salary before being taxed, thus ensuring immediate tax relief at his top rate. At any time the benefits available are the accumulated value of the fund or the pension bought by that accumulated value. Thus on change of jobs before retirement, the value is available to be transferred to another pension scheme, to buy a personal pension or simply left to grow until the employee retires. There is little or no perceived penalty to the early leaver.

At retirement, both normal or early, the value is used to buy a pension, with the employee having the right to convert part of the pension into a tax-free cash sum. The limits for this sum are the same as for final salary schemes based on years of service, with a maximum of 1½ times earnings at retirement.

Although the employer can take the value and provide the pension himself it is usual for the pension to be bought from a life company seeking the best rate on the market. The form of that pension would usually be laid down in the trust deed and rules. The employer can augment the pension if desired. However, unlike a final salary scheme, he will have to pay the cost of augmentation in cash. He cannot allow the cost in the contribution rate or use the surplus in the scheme.

Investments

Employers can run their own money purchase schemes. There are investment controls on the contracted-out portion, but these restrictions do not apply to what is technically regarded as insured schemes – schemes where the life company manages the investment. Such schemes are only limited by the few restrictions made to life company investments. The benefit of investment performance goes to the employee by enhancing the value of his fund. Conversely he pays the price if stock markets are low at the time of retirement, as with personal pensions. However, the type of investment – with-profits or unit-linked, and the choice of funds for the latter, rests with the employer.

Death in Service

The employer can arrange a separate scheme to provide benefits to the dependents of employees who die before retirement, with the whole cost borne by the employer. Usually this takes the form of a cash sum based on a multiple of earnings at the time of death. A spouse's pension, expressed as a percentage of the employee's earnings, and dependants' pensions, can also be included.

Heather Farmbrough on the BES's fifth anniversary

Time to take stock

SPRINGTIME eccentricity came to the Business Expansion Scheme this week. The cause appears to be the imminent Budget, and it happens as the end of every tax year approaches.

This year, however, there is a strong possibility that top tax rates may come down, thus making the BES less attractive for higher tax-payers. So, companies seem to be falling over themselves with issues.

This year is also the fifth birthday for the BES, which means investors have reached the five-year qualifying period for tax relief. Shareholders of around 250 companies may well be looking for exit routes from their investments, although many of the earlier companies were smaller issues selected by BES funds rather than individuals.

Budget time and the five-year anniversary is a good excuse for some soul-searching about the success of the scheme. According to Sir Geoffrey Howe, the Chancellor, in 1983, the idea was to help "unquoted trading companies seeking outside equity and to encourage wider share ownership".

Has it worked? According to BES Investment Research, over the first four years of the BES, £502.7m had been invested in 888 companies. The failure rate was 14.2 per cent with the majority in the early days, particularly among the plethora of wine companies and farming ventures.

The Treasury says it is pleased with the progress of the scheme but shadow Treasury spokesman Gordon Brown argues that it is a tax dodge which is inefficient at encouraging investment and job creation.

For the time being, BES investors can feel fairly safe in the knowledge that this Government seems to like the scheme, although arguably it could do more to tackle the epidemic of property developers and secured contractors exploiting it.

At least this week's issues are something completely different, starting with the Robin Hood Centre which is looking for £2.75m before April 8. The idea is to turn the world of Robin Hood, the benevolent socialist, and his merrie men into a tourist attraction along the lines of the Jorvic Viking Centre in York.

Although 20th century devices like animated figures, videos, laser discs and snacks will all be part of the venture, the prospectus claims that "visitors will be absorbed into the atmosphere of medieval Nottingham from the moment they enter the exhibition."

A site has been lined up next to Nottingham castle, the set has been designed by one of the directors, Jonathon Bean, who worked on Jorvik, and the centre is projected to open in 1990.

Nottingham is perhaps less of an obvious tourist attraction than York, so the potential success of the Robin Hood Centre might need to depend more on good marketing and the appeal of the exhibition to children and their parents.

Robin Hood comes sponsorless but with the backing of £100,000 from Notts County Council. Although sponsors are expensive, the presence of one of the more successful firms can lend an issue an element of credibility.

Unfortunately, the prospectus of Marcus Publishing looks as if the advice of a good sponsor would have been useful, although the size of the issue - £292,000 - probably rendered this uneconomical.

Marcus Publishing wants to use the proceeds to exploit publishing opportunities in the leisure industry. It has been trading for three years and made its first profits in the nine months to December last year.

Its history has been rather traumatic, with "an onslaught from competitors who seemed determined to close (the magazine) Amusement Business down. . . .The issue of two libel writs on competitors saw off this threat," according to the prospectus.

Johnson Fry's last prospectus for 1988 is Alba Trees, which is looking for £1.5m for "specialist tree propagation." This involves mass producing broad-leaved trees on a high-tech basis rather than just growing them outside. High-tech trees allegedly take much less time to grow.

Protecting saplings from inclement weather seems such an obvious idea that one wonders why everybody isn't doing it. If Alba is successful, it looks vulnerable to the danger that competitors will rush to exploit the technology it has developed.

Just in case tax rates come down, sparking off a further flood of applications, Johnson Fry has thoughtfully launched the FANTOM BES. Nothing spooky here, however. FANTOM will invest in companies capitalised at over £3m in the 1987/88 tax year. The size of company is unusually large for fund investment, while larger issues tend to be less risky.

Anxious Budget-watchers should, however, remember that they do have until April 5 to invest in BES companies and still qualify for tax relief for the 1987/88 tax year. Whatever comes through the post box, the golden rule stands: read the prospectus carefully.

Terry Byland explains a complicated market

The bond business

BRITISH government bonds, gilts, or British Funds – as the FT refers to them in its London Share Service pages – are effectively receipts for loans made on which interest will be paid.

Government bonds are receipts for money lent to the British government. The gilt-edged market is where these receipts can be traded between lenders who want to have their money - or as much of it as possible - repaid early, and investors who see advantages in holding promissory notes from the government.

Bond markets are, in fact, secondary markets in loan receipts, just as equity markets are secondary markets in the ordinary shares of companies. And, just as the existence of a strong active secondary market in shares enables companies to raise new money, so a strong secondary market in bonds enables borrowers to raise new loans.

A glance at the FT daily prices lists for British Funds shows that the UK government is not the only borrower seeking to attract loans. Even on the FT price pages it has to compete with UK local authorities, foreign business corporations and UK building society loans.

However, the British government has two major attractions for borrowers. First, it is reliable and always pays its debts and the interest on them at the promised date - this earning the title "gilt-edged" for its bonds.

Second, because the government is such a massive borrower - in 1986, it raised over £14bn in London – it has great "clout" in the marketplace where the competition for cash is resolved largely by the rate of interest offered to would-be lenders.

The government, by setting the rate of interest it thinks will attract lenders to accept its bonds, cannot help but influence interest rates elsewhere in the economy.

Each government bond issued is for £100 and states the duration of the loan (maturity) and the interest (coupon), payable every half year. Since the government's loan requirements are so heavy and so complex, it issues its bonds in varying maturities, which are listed by the FT prices columns.

Government bonds are for five years ("shorts"), five to 15 years ("mediums"), over 15 years ("longs"), or undated or index-linked.

Setting aside the undated and index-linked categories for a moment, the headings of the bond prices columns spell out the information carried.

Reading from the left, the first two columns carry the highest and lowest price of the bond over the past year, just as the share price columns do for corporate equities. Then the full name of the bond is given, including the interest coupon and the date of maturity. The next column gives the price of the bond on the previous day, followed by the change from the previous session.

Then come two columns headed Yield-Int and Red. These are the columns that matter, because they give the rate of return on the bond on that particular day when it traded at the price quoted. Interest coupons are paid on the face value of £100, so the return to the individual investor hinges on the price paid for the bond.

The "int" or "flat yield" is simply an adjustment of the stated interest on the bond to match the day's price. This yield is calculated by multiplying the interest coupon by 100 and dividing the result by the price of the stock - or it would be in a simple world.

In fact, the market takes into account the number of days' interest accruing each day and builds this into the yield. Consequently, the yield quoted will not usually match up with the simple calculation.

When the bond is redeemable on a stated date the buyer can also expect, in addition to the interest payment, a capital profit if he bought the bond below £100, or a loss if he paid above that figure.

This sum must be added to, or subtracted from, the "flat yield" – a task usually left these days to the computer. The result of this new calculation is the redemption yield, abbreviated in the columns to "red." The FT columns will show that redemption yields are either above or below flat yields, depending on whether the bond is priced above or below par value.

Undated bonds, of course, carry no redemption yields. Index-linked yields, as the name suggests, are calculated on a quite different principal. Both interest and capital repayment are related to the published levels of the Index of retail Prices. The FT columns show two projected inflation rates on which returns are calculated.

Sometimes, a government bond will be marked with a black blob to denote that it is a "tap" stock. This means that the Government Broker has kept some of this stock in hand so that he can try to control market trends by offering the stock to the market-makers when he wants to check rising prices.

But the market can operate for some time without a "tap" stock if the Broker is satisfied to leave it to its own devices.

On Monday mornings, when there is no previous day's dealing to report, the gilts prices columns change routine. The first two columns show dates for dividend payments and the price change column shows the last ex-dividend, or ex-interest, date. On that date, a new buyer had no entitlement to the last interest payment.

At present, the government debt markets face a situation not seen for many years - a growing absence of new government funding. This means that government bonds are suffering from a stock shortage. But investors can be quite sure that the gilt-edged market is not about to disappear. Governments always need to borrow.

New group aims to provide a truly independent service

Advisers you can trust

WHERE CAN I get truly independent financial advice? That is one of the most common questions from readers and also one of the most difficult to answer.

In theory, the Financial Services Act, to be implemented shortly, should give you a much clearer idea of the kind of advice being offered. Advisers or salesmen will be under a legal obligation to reveal whether they are "tied" to any particular companies supplying financial products.

Life insurance companies are promoting the role of independent brokers and intermediaries through Campifa (the Campaign for Independent Financial Advice).

These are theoretical objectives, though. So the Burns-Anderson group, headed by Sir John Harvey-Jones, the former ICI chairman, is launching a scheme this weekend aimed at establishing a nationwide network of independent advisers under a single recognisable banner.

A separate company, called the Burns-Anderson Independent Network (known as the Network) has been formed with the objective of recruiting 500 independent financial advisers throughout Britain over the next five years.

Membership of the Network will be restricted to companies which can meet vetting and compliance procedures that will be at least as strict, if not more so, than those required to be authorised by Fimbra (the Financial Intermediaries, Managers and Brokers Regulatory Association) or the Securities and Investment Board.

Sir John stressed that Network would not be used as a bolt-hole for financial advisers unwilling, or unable, to seek Fimbra authorisation. He said that launching the scheme had been delayed deliberately until after F-Day (February 27) – the deadline for seeking authorisation – to ensure that the advisers already had decided to continue operating on an independent basis. Nevertheless, once they joined Network they would no longer require direct authorisation.

Sir John said the basic aim was to provide a comprehensive range of financial services nationwide, supplied by companies that could be trusted to deal with people's problems. He said he had received such a service from Burns-Anderson on a personal basis, which was one of the reasons he had agreed to join the group as chairman.

He added that he believed truly independent local financial advisers would be forced out of business unless they had the kind of sophisticated back-up that could be supplied by a large group with sufficient resources.

Burns-Anderson is cash rich, having disposed of its industrial assets before the October crash for more than £10m in order to concentrate on moving into financial planning services. It previously took over a Bristol-based intermediary, University, Medical and General, has also acquired control of the school fee specialist, Whitehead & Partners, and plans to expand its range of products further.

Meanwhile, members of the Network will be provided with a centralised administration, £1m professional indemnity cover, and a "best advice" Viewdata screen service providing information and statistics on the performance of competitive products. It also has a portfolio and fund management service provided by stockbroker James Capel.

Network, which is a cross between a franchise and a co-operative, will provide marketing support to establish the name as a symbol of good independent advice. Member companies would remain independent but would process all their new business through Network, which will deduct a commission. It is hoped the cost will be more than offset by increased business volume.

The independent members will own 49 per cent of the Network holding company and be represented on the board. However, after five years they could, if they wished, sell their business to Network at a price either agreed or decided by an independent valuation. This would help to increase the capital base of the industry.

The longer-term aim is more ambitious: to try to create a new class of professional person known as the financial practitioner, working on a fee basis rather than being paid commissions.

Sir John says there is a fundamental contradiction in seeking to give independent advice while relying on commissions from supplying companies.

He said the aim was to build slowly, increasing membership by about 100 a year towards the five-year target of 500. This gradual growth was to ensure quality standards were maintained and that member companies were vetted properly both before and after joining.

For richer and poorer

New mortgage deals offer special terms to first-timers and millionaires alike

THE BUDGET could change the goalposts. Meanwhile, players in the mortgage market are limbering up for a fresh game with special deals for first-time buyers (first-time buyers) and millionaires.

Lloyds Bank this week unveiled a special package of offers aimed at boosting its mortgage, life insurance and estate agency businesses.

A discount of 0.5 per cent on the bank's normal home loan rate (at not particularly competitive 10.5 per cent) is being given on all endowment and pension mortgages provided they are supported in whole or part by a unit-linked policy from the group's Black Horse Life insurance subsidiary. This discount is also given on any mortgages linked to any company's insurance or pension policies arranged through the group's Black Horse estate agencies.

The discount offer remains open until February 28 next year when the rate will revert to the standard mortgage rate.

Between March and September this year, the bank is offering customers who accept a mortgage offer a cashflow account for household budgeting, free of all service charges until February next year.

It has also introduced some mortgage scheme changes: removal of the 1 per cent premium on interest-free home loans; scrapping of the £15,001 minimum loan; and a willingness to lend on a multiple of 2.25 times joint incomes as an alternative to the usual three-plus-one income criteria.

A new set scale of valuation fees has been agreed with Black Horse agencies and several independent valuers, starting at £60 for properties worth below £25,000.

A competition, with a first prize of £70,000 cash, is being run for existing mortgage customers and those exchanging contracts before September 30. You have to guess the value of three separate properties.

● The Bank of Ireland has introduced what it describes as a new concept in mortgages called Solutions. This comprises a set of six different arrangements, all available on an endowment, pension or repayment basis.

One of them – the Genuine Solution – is aimed specifically at borrowers with progressive salary and career prospects, in that you can borrow up to 3.75 times your single income, or three times a joint income, with a stabiliser scheme which caps the interest payable at a maximum of 12 per cent.

If the rate goes above that level, the unpaid interest accruing will be capitalised and added to the principal balance outstanding. So, you pay more later.

The First Time Buyer Solution for 100 per cent mortgages charges a higher rate of interest (now 11.15 per cent) but reverts to the standard level after only one year if the borrower demonstrates a reliable payment record.

At present, the standard rate is a competitive 10.15 per cent, but this goes down to 9.9 per cent for big advances.

● The TSB England & Wales is offering a First Time Buyer's package with a number of special incentives. These include free mortgage repayment insurance for the first six months; a mortgage guarantee certificate for three months; and a book of discount vouchers worth up to £100 on goods and services for house-owners.

There is the option of low-start repayments for the first three years with the ability to increase the size of the mortgage later to pay for improvements or to move home.

● At the other end of the market, Hill Samuel has reduced its rate for home loans of more than £120,000 to 9.625 per cent. It charges 10 per cent on loans between £16,000 to £49,999; 9.875 between £50,000 and £79,999; and 9.75 between £80,000 and £120,000.

● Mortgages for millionaires – in other words, those with no limit on the amount you can borrow – are being offered by London intermediary Noble Warren to cater for the "seriously rich." Up to 85 per cent of the property's value can be borrowed on production of an accountant's letter saying "the client has sufficient money to afford the repayments," and up to 75 per cent if the accountant provides supporting details of the client's income for the past two years.

Finally, 95 per cent will be lent if the clients themselves reveal accounts demonstrating that they can afford the repayments. The interest rate is just below 10 per cent and repayments can be scheduled either monthly, quarterly or half-yearly.

FINANCE & THE FAMILY

Mortality charges are being reassessed — but don't blame the Chancellor

Aids poser for insurance companies

"BUY BEFORE prices are increased" is a common theme in many pre-Budget articles. But the impending increase in the cost of life insurance cover is nothing to do with the Chancellor. The major factor causing life company actuaries to reassess their mortality charges is Aids (Acquired Immune Deficiency Syndrome).

The problem of Aids has been around in the UK for some time. Up to now, the reaction of life companies has been to try and identify anyone in the high risk Aids group through underwriting and screening.

Following this policy, the Association of British Insurers (ABI) recommended to its member life companies recently that they should:

- Require all men, married or single, applying for life assurance contracts where cover is at least £75,000 to complete a supplementary questionnaire.
- Where the cover is at least £150,000 require all men, married or single, to undergo an HIV blood test in addition to any other medical requirements.

The current practice of most life companies is to require only single men to complete the supplementary questionnaire and for single men to undergo a HIV blood test for cover of £250,000.

The questionnaire asks specific questions on an individual's life style - starting with the blunt question as to whether he belongs to one of the high risk Aids groups: homosexual, bisexual, intravenous drug user, haemophiliac, or partner of a person in any of these groups.

However, underwriting and screening of clients by itself will not isolate all potential Aids victims. All indications from available data indicate that mortality rates, particularly among men in the 20-60 age group, will rise over the next decade even with successful underwriting screening-out the HIV positive cases.

This is a serious situation for traditional life companies offering conventional term assurance: contracts which pay out only on the death of an individual within the period of the contract and where the premium rates are guaranteed once the contract is taken out.

Actuaries with these companies cannot wait and see how the Aids situation develops. By the time they do find out, they could be facing a spate of Aids death claims on policies with inadequate premiums.

Almost all traditional life companies are now charging an extra

BEST TERM ASSURANCE RATES
Man aged 29. Level cover £100,000 over 10 years

Company	Monthly Premium £
Sentinel Life	7.30
London Life	7.42
Equitable Life	7.50
Western Australia	8.14
RFPFN	8.37
Scottish Life	8.50
Swiss Life	8.58
NPI	8.60
Provident Mutual	8.70
Scottish Amicable	8.75

Source: Planned Savings

premium of £3 to £5 per £1,000 of life cover on male homosexuals with a negative HIV blood test and a demonstrated steady relationship with their partner. The companies will not accept anyone else in the high risk groups. But this is an ad hoc arrangement. These actuaries are currently assessing the premium rates to put them on a formal basis.

Although information is still somewhat sparse, the working party set up by the Institute of Actuaries has shown that the net cost of life cover should at least double. However, this is not the end of the problem: the extra underwriting requirements are expensive too.

The British Medical Association insists that all HIV blood tests must be accompanied by counselling of the individual by a doctor. This cost, estimated at around £60 a time, is paid for by the life company and recouped in the premiums, so the expenses incurred in arranging life contracts are increasing and have to be reassessed in the premiums charged.

Finally, and quite incidentally, commission rates for term assurance are being increased for the longer duration term contracts as from July 1 under the new scales from Lautro (Life Assurance and Unit Trust Regulatory Organisation). This will require adjustments to the premium rates.

Many life company actuaries intended to take this opportunity brought about by commission changes to review their whole rating system, allowing for Aids. However, there are strong indications that some actuaries could change rates well before July — hence the advice to buy term assurance now. The tables show the current best buys in this sector and most companies will hold a quotation for three or four weeks.

It looks as if actuaries will take the opportunity to introduce two sets of rates - one for men and one for women - instead of using rates for men as a basis and reducing the woman's age by three or four years to get the appropriate rate.

The situation is somewhat different for unit-linked life contracts. Unit-linked life companies now have the ability to increase the charge for mortality and expenses virtually at a moment's notice. Those companies without this ability are in the process of changing to make sure that they have, so actuaries in these companies can wait a while and see how the Aids situation develops.

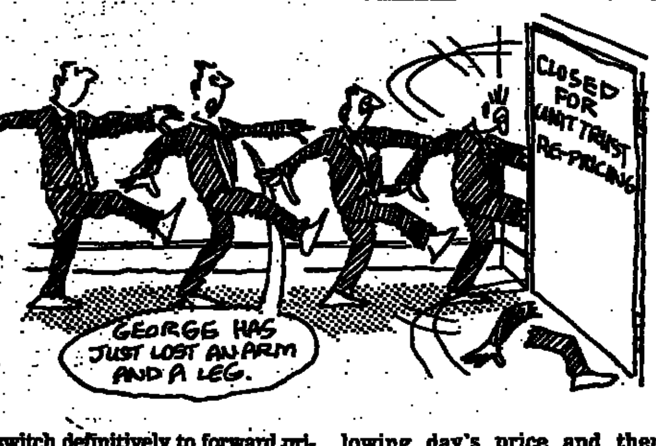
At present the actuaries in the two major linked companies, Allied Dunbar and Abbey Life, see no reason to increase the charges. They are, however, watching the situation closely.

Both companies have a sufficiently large number of policyholders to be able to detect an overall rising trend in death claims very quickly. However, investors holding such contracts should be prepared sooner or later to pay more for their life cover.

Eric Short

Forward march for all units

Christine Stopp looks at what forward pricing for unit trusts means for investors



FORWARD PRICING for unit trusts will be with us – theoretically, at any rate – from March 14 although the Department of Trade and Industry's new pricing rules will not be compulsory until July 1.

Most groups now value their units daily midday. The resulting price is published in the newspapers and forms the basis of most deals for the whole of the next day.

In other words, when you buy or sell, you know the price attached to the deal. The unit trust manager might sell you units from his box (the stock of repurchased units which he carries as a market-maker) or might ask the trustee to create new units.

The central difficulty of the new regulation is that, whether the manager is dealing historically or forward, the trustee must be notified of creation and liquidations only *within two hours* of the time at which the trust is valued. The stock of units ordered at this time must last the manager to the next valuation point.

If the manager deals historically, he must value the fund at the start of the dealing period and then order enough units for the whole period within two hours. If he runs out of units, he can do one of two things: go to forward pricing or continue to sell units he has not yet ordered and carry the risk of a price change before the next valuation.

With forward dealing, orders are taken and a price put to them at the following valuation point. The number of units needed is, therefore, known before they are ordered from the trustee. The point of this is to make sure all deals within one period are made at the same price and that this is fair to existing unit-holders.

Forward pricing prevents the manager from selling units more cheaply than the actual creation cost or buying them back for more than the liquidation price. In either case, the fund – and, therefore, the unit-holders – would bear the cost of any shortfall.

Forward pricing gives protection to the static investor. In spite of this, the industry and public appear to hate it. Groups forced to switch to forward pricing during the October crash report that investors wanting to deal quite often hung up on them in exasperation.

It is only natural that people should want to know the price of what they are buying, and this is even more the case with brokers dealing in large amounts.

There is still a lot of uncertainty about how the regulations will operate, and few groups have decided finally on which pricing system they will choose. It seems likely that most will experiment with historical pricing, but will switch definitively to forward pricing rather than having to chop and change between the two.

Mercury's Richard Bernays, for example, feels that "there is little option but to move to forward pricing."

Brian Peters, of Allied Dunbar, points out that there will be a number of situations when forward pricing is inevitable, anyway: the investor can ask to deal on a forward basis at any time while a market move in excess of 2 per cent will also force the manager to stop dealing on an historic basis.

Keith Crowley, of MIM Britannia, sees a situation where an inquiry is made in the morning when the fund is priced historically but, on calling back to deal in the afternoon, the investor finds it has gone to forward dealing. Hill Samuel was the only group that felt a flexible system of moving between the two bases might be viable.

What will be the effects for the investor of forward dealing? He will exchange knowing the dealing price for greater fairness all round, and everyone buying units on the same day will deal at the same price. (A well known way of stretching the rules at present is when a broker rings up at, say, 4.30 pm, asks for the following day's price and then expects to order if it is better than the old one.

Forward pricing could expose investors to buying at a higher price or selling at a lower one than they wish. No group is at present talking about "stop-loss" arrangements to enable people to limit their risks.

Peters feels the changes will lead to wider price fluctuation because it will be more difficult to iron out temporary market moves through box management. Unit-holders will end up more exposed to market volatility.

There will be greater openness about charges under the new rules, though. The initial charge as a percentage of the offer price must be published once a week, and the dealing price and cancellation price (that is, the minimum bid price) must be published every day.

Against this, the major disadvantage will undoubtedly be rising costs. The technology required to deal with the new system will put up charges, and so will the loss of rounding within the price calculation. Crowley predicts gloomily that there will be annual charges of as much as 2 per cent within a year or so.

Trust launch

LEGAL & GENERAL'S new chief investment manager, David Prosser, arrived at the beginning of the year from British Coal Pension Fund to a fanfare of trumpets. This week, he made his first public appearance in the post with the launch by Legal and General's unit trust group of two trusts and the relaunch of an existing trust.

The two new trusts, a UK Recovery Trust and a Fixed Interest Trust, are run of the mill products that even in the post-October climate would not excite much comment. However, L & G took the opportunity to announce its intention to be a major player in the unit trust field.

Colin Harris, the group's life and unit trust marketing director, is the latest in a growing line of marketing managers seeking that elusive animal - the first-time unit trust investor, but he is using L & G's financial muscle rather than any slick marketing ploys to seek out these investors.

The group plans to spend £10m this year devoted solely to name awareness of two products - personal pensions and unit trusts - featuring the L & G umbrella. To help the campaign L & G is rationalising its unit trust product range into basic trusts and specialist funds.

First-time investors will be encouraged to start their unit trust portfolios with basic funds, to build up a substantial core holding before branching out into the more exciting – and more risky – specialist funds.

Eric Short

· FINANCE & THE FAMILY ·

A roof over mother's head

I intend to purchase a house, with available capital, and allow my widowed mother to live in it rent-free for the rest of her life. She will not be financially dependant on me and I expect her to pay the running costs of *the house including* rates. I own my own house which is my principal residence and will continue to live in it. I shall therefore own two houses and in the event of my mother's death will wish to sell the house I have purchased for her. Will any capital gains tax be payable on the house I *originally purchased for her* to live in?

No (provided that the house is sold before the second anniversary of her death). You can check this by asking your tax office for the free pamphlets CGT4 (1986) *and IR1 (1985) (with a supplement)*; in the IR1, look in particular at concession D20.

Offset tax loss

At the start of this year I sold shares of a small family close company for £34,500. The shares had been bequested to me and because they represented a minority holding in a small close company had only nominal values at aquisition (£100). Thus I face a large Capital Gains Tax bill.

In June my grandmother died. I am to receive quoted shares from her portfolio. Since the recent stock markets falls these are now reduced in value from their level at *Grandmothers date of death*.

If when these shares are transfered to me I then sell them, can these losses be set against my previous gains, remembering that they are different types of companies.

Yes, provided that the sales take place before April 6 (Easter Wednesday).

Missing papers

During a hearing in a divorce case last year the opposing lawyers alleged that I was concealing large sums of money (an allegation which unfortunately was without foundation). In some *desperation I handed over nearly* all my original financial records, including share certificates, to them for inspection. I myself had no legal representation, and I failed to insist that the documents be listed and a receipt given.

After the hearing the opposing solicitors at first delayed the return of the documents; when I did get them back, I found that *they were in disorder* and that some were missing. A letter to the solicitors asking them to account for the missing documents remains unanswered. Since it may be the barrister who has my documents I wrote also to the barrister's head of chambers, equally without result.

Do these lawyers have any right to retain my documents? If not, what remedy do I have? From past experience, consulting other solicitors would be time consuming, costly, and probably fruitless.

The *barrister* certainly has no right to retain any of your documents. Nor would the solicitors have such a right (not being your own solicitors) unless you have undertaken to pay any of their charges and some such charges *remain unpaid. You can address* a complaint to the Law Society's Complaints Bureau, Portland House, Stag Place, London SW1.

Exile's pension

I have a daughter of 24, who for *the last two* and a half years has worked in Spain and Portugal as an English teacher. I think she is just about to be considered as not resident, or not ordinarily resident in the UK for tax purposes by the Inland Revenue. *Sometime in the future* I think she will retire to the UK and take up residence here again.

Meanwhile I would very much like her to take up a self-employed *pension plan* and would appreciate your advising me whether you think she could contribute 17½ per cent of her earnings into such a fund.

I realise that as *she* is not paying UK tax on her earnings she would not obtain tax relief on her contributions, but I feel it would be to her advantage if she could provide for the future by putting money into a completely tax-exempt fund.

There is no point in your daughter contributing 17½ per cent of her earnings to a UK Retirement Annuity Policy in order to get UK tax relief because (if we understand you correctly) your daughter is not subject to UK tax on her earnings.

Obviously your daughter should be encouraged to save while she is abroad, possibly in the type of offshore fund based in the Channel Islands where certain types of investment income can roll up tax-free or in a Swiss Bond fund such as BIA (see the FT listing of offshore funds for *details*). In this way her savings are not locked away until retirement and the capital is available whenever she may want it.

Our tax system leads many people to mix up the question of tax reliefs with the more fundamental question of savings for a variety of purposes.

Flat with brother

I am in the process of buying a *flat as a first time buyer* and would very much appreciate your advice on the following two points:

As I am going through a mortgage broker, he is insisting that I take out some sort of endowment mortgage rather than a repayment one. I plan to stay in the UK only for the next five to seven years maximum, at the end of which I will be selling the flat and moving overseas. From what I have read in the financial press and related magazines, it would seem that I should be better off with a level repayment mortgage.

I have been saving under the Government theme loan scheme for over two years, and my brother for one year (on a separate account). We are buying the flat jointly, and although the full price of the property is above the current limit for the Greater London area, each of us will only own 50 per cent of the property, which is valued less than the limit. Would any, or both of us still qualify for the special assistance under the scheme.

You may well be better off with an ordinary repayment mortgage, but we cannot tell without full details of your and your brother's financial position. It is not for your broker to insist upon anything; he can advise you, but you need not take his advice.

We think that you would not qualify under the Scheme, because each of the joint tenants will be jointly owner of the legal estate in the whole property and liable to repay the whole mortgage loan.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

CHESS

OXFORD v Cambridge is the chess world's longest running annual fixture. The inaugural match in 1873 was attended by Steinitz and Zukertort, the leading grandmasters of the day, although the playing standards of the participants were weak. In recent years the encounter has been less overtly fashionable but has gained in significance as a talent seedbed for Britain's international masters and grandmasters.

Over the past decade, since Lloyds Bank sponsored the event and it reverted to its traditional elegant venue at the Royal Automobile Club, the record is impressive. Several players have gone on to become IMs or compete in the British Championship, while two even have GM norms. All those involved are still in their late twenties or younger so are likely to develop further.

What seems to happen is a self-selection process. Talented schoolboy chessplayers gravitate to whichever university currently has the stronger team. Oxford has won the last eight matches in a row - *the latest*, on 5 March, by 4½-3½ - while before that Cambridge won eleven in succession, the all-time record. Taken over a long period the universities are closely matched, and Oxford leads 45-44 with 17 drawn matches plus a few blank wartime years.

The Cambridge team has tended to rely significantly on mathematicians - six this year - and on Trinity College. Oxford has a wider subject mix, ranging in 1988 from a classicist and a lawyer to a medical student and a biochemist. FT readers will be disappointed to learn that the solitary economist in the match lost to a political researcher.

An academic training may not stimulate Kasparovian flair at the chessboard, but it certainly helps in coping with the formidable data banks of opening theory. Strategic ideas from grandmaster play can take a decade or more to percolate down to club and county level - in the 1940s and 1950s the Queen's Gambits of the Alekhine-Euwe series of the mid-thirties were becoming fashionable in London team matches - but they reach Oxbridge rather quicker.

The two best games in last week's match were awarded Lloyds Bank trophies. One was a Pelikan Sicilian, with theory almost as up-to-date as the recent Short-Sax world title candidates match, while the other was a strategic tour de force influenced by Anatoly Karpov's spider technique of a creeping web to control the board.

White: S. D. Singh (Queens', Cambridge).
Black: J. Way (Keble, Oxford).
Opening: Sicilian Defence, Paulsen.

1 P-K4, P-QB4; 2 N-KB3, P-K3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-Q3; 6 B-K2, B-K2; 7 O-O, O-O; 8 P-B4, P-QR3; 9 P-QR4, Q-B2; 10 K-R1, N-B3; 11 B-K3, R-K1; 12 B-B3, R-N1; 13 Q-Q2, B-B1?

This opening system was wheeled out several times in the first two K v K matches, but was discarded in the 1986 and 1987 series, presumably because Karpov as White could not establish any significant edge. In 1985 13 . . . B-Q2 was twice played here.

14 B-B2, NxN; 15 BxN, P-K4; 16 B-K7, R-R1; 17 B-B2!

Exploiting Black's mistake at move 13. The point is that if now B-Q2 or PxP 18 B-R4! with BxN and N-Q5. If Black's bishop was still at K2 then B-R4xN would be met by BxB and if N-Q5, Q-Q1.

17 . . . B-K3; 18 B-R4!

The threat BxN further tangles up Black's minor pieces.

18 . . . N-Q2; 19 P-B5, B-B5; 20 KR-Q1, QR-B1; 21 QR-N1, N-B4; 22 Q-K3, P-B3; 23 B-R5! KR-Q1; 24 P-QN3, B-B2; 25 BxB ch, QxB; 26 N-Q5, P-QN4; 27 P-B3.

The exchange of light-squared bishops makes white's Q5 knight a formidable piece. The next stage of his plan is a QN5 outpost to further strengthen his spatial bind.

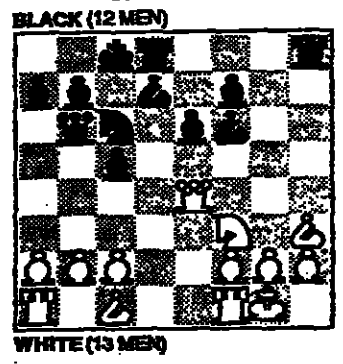
27 . . . R-B3; 28 P-B4, PxP; 29 BxP, Q-N2; 30 KR-QB1, KR-B1; 31 N-N6, R(1)-B2; 32 B-B2, K-R1; 33 P-QR4, N-Q2; 34 Q-Q3, RxR; 35 RxR, RxR; 36 QxR, N-N1; 37 P-N5!

Finally breaking into the opposing camp. Black's pieces are squeezed for space, and the end comes rapidly.

37 . . . PxP; 38 QxP, P-N3; 39 PxP, PxP; 40 Q-K8, K-N2; 41 P-R6! NxP; 42 N-Q7, K-B3; 43 QxB ch, K-N4; 44 QxP ch, Resigns.

PROBLEM No. 714

BLACK (12 MEN)



WHITE (13 MEN)

The winner of this fine game has already competed with success in the Kleinwort Benson British Championship and the Lloyds Bank Masters - but on the day he was only board five for the losers. With such strength in depth, the varsity fixture should continue to develop British *internationals*.

B. Zuckerman (US) v. A. Pomar (Spain), Malaga 1968. Black to move; what is his best line? Novice chessplayers often ask how many moves an expert can see ahead. Normally, much of the work is general judgment, supported by analysis of a few limited variations; but in tactical, forcing play it is possible to visualize 10-20 moves deep. A key possibility in this week's puzzle runs as far as Black's tenth, and Black most likely worked it out before making his first move.

Solution Page XXI

Leonard Barden

BRIDGE

A BOOK which you will enjoy is Bridge for Ambitious Players by Terence Reese (Gollancz, £5.95). The author gives tips to help good players to rise to expert heights. We start with Five Plus One:

N
♠ A J 4
♥ J 6 2
♦ K Q 5 3
♣ Q 9 4

W
♠ 7 3
♥ 10 9 4 3
♦ J 9 7 2
♣ 10 7 5

E
♠ Q 10 8 6 2
♥ Q 7
♦ 10
♣ K J 8 6 3

S
♠ K 9 5
♥ A K 8 5
♦ A 8 6 4
♣ A 2

With both sides vulnerable South dealt and bid one no *trump, and North raised to three*. West led the diamond two. There were eight top tricks — let us see how South tried for the ninth. Dummy played low, East pro*duced the 10, and declarer* won with his ace. He then led the five of hearts, hoping that West held the queen, but East took the knave with his queen, returning *the seven, taken in hand by the* king.

South now led a diamond to the queen in dummy, East discarding a spade, cashed his heart ace, and found that West still held a winner. Switching to spades, South finessed the knave on the table, East won again, and led back a spade. The declarer won in hand, played his two of clubs to the queen, found East *with the king, and ended up with* the eight tricks, which he saw when dummy went down.

"Heart queen wrong, spade queen wrong, club king wrong," moaned South. "No break in diamonds, no break in hearts - five things wrong."

"You've forgotten number six," said North, "the way you played it." South made two errors. First he should have played one top heart before leading low to dummy's knave. Then, when East takes his queen, he has no lead that is not fatal. Second, why win trick one with the ace of diamonds? If West has led fourth best, East will be forced to lead another suit, and whatever the return he chooses will present declarer with the ninth trick.

Now study the finesse that never was:

N
♠ Q
♥ 10 8
♦ Q J 7 5
♣ A Q 10 9 7 3

W
♠ K 7 6 5
♥ J 4 2
♦ A 9 8 4 2
♣ 5

E
♠ A J 9 8 2
♥ K 3
♦ 10 6 3
♣ J 8 6

S
♠ 10 4 3
♥ A Q 9 7 6 5
♦ K
♣ K 4 2

East dealt at a love score, and South, who was playing five-card majors, opened with one heart. *North replied with one no trump* — forcing on their system — South rebid two hearts, and North raised to four. West led the five of clubs, clearly a singleton, and dummy's queen won.

The declarer could not at this stage try the trump finesse, so he returned the diamond five from the table to his king and West's ace. *West switched to the spade* five, East won, and played a club for his partner to ruff. West exited with a diamond to dummy's knave. Leading the 10 of hearts from dummy, to which East followed with the three, *declarer played his queen*, and West dropped the knave.

Thinking that East still held king and another heart, South prepared to enter dummy with a club, intending to throw another spade on the diamond queen and take *another finesse in trumps*. What a shock he received when West produced the two of hearts, and ruffed the club king to defeat the contract.

This false-card of the knave in this position, which clearly cannot cost, seems to be but rarely employed.

E.P.C Cotter

• TRAVEL • MOTORING •

In his second safari article, **Michael J. Woods** sees the effect of ivory poaching on Kenyan wildlife

Deadly trade shakes Africa's elephants

WE STOPPED at the top of the bank overlooking the river where a small herd of elephants was bathing and drinking. Even as the engine ceased turning, a gentle puff of wind took our scent to them. At once half-a-dozen trunks snaked upwards, questing in the air, almost wrinkling with displeasure as they caught our smell. They turned as one, plunging in a shower of muddy water as they fled from this danger.

Three times groups of nervous elephants ran from us into the cover of the surrounding bush until skilful manoeuvering and a kinder wind put us on the right side of a big family. They moved towards the murky pool, fringed with the bright green of Nile cabbages, scattering lily trotters and egrets in their final excited rush to reach the cool water.

At once the leading animals sucked the liquid into their trunks and then, tucking the ends into their mouths, slaked their thirst. After that it was bath time and the smell of disturbed silt came to us on the breeze as they hurled water and gouts of mud over and under their bodies.

Some of the youngsters actually lay down and immersed themselves fully, while one tiny baby of less than a year old was in danger of becoming sucked into the glutinous mud which reached well up to its flanks.

It stretched out to its mother and she responded by lifting it free from the clinging mire with her powerful trunk and helping it to the sandy bank. Here the animals stood around briefly, picking up dust and casting it over their dark wet skins before disappearing into the shade of the trees.

I had watched elephants bathing like this before but had never seen the same nervousness in the past. Then, I had been impressed by their supreme confidence. They were the masters of their environment; everything stopped to let them pass. But something has changed, and that something is the great wave of poaching that is pushing southwards through Africa. A survey of elephant numbers recently produced for the United Nations Environment Programme by Iain Douglas-Hamilton makes frightening reading.

Since the 1970's, when ivory rose sharply in price, elephant killing has increased substantially, and it is estimated that three-quarters of the ivory currently on the market has been poached. In Kenya's Tsavo National Park, for instance, the numbers of elephants have been reduced from 35,000 in 1973 to 5,700 in 1987, a fall of 84 per cent.

Other Kenyan parks show a similar decrease, so that overall the percentage fall in the so-called protected areas of parks and game reserves amounts to 72 per cent. Outside these, elephants have been almost wiped out in Kenya. Their numbers have been

Wildside

reduced from an estimated 75,000 to a pitiful 6,400, and this is in a country which actively prohibits private trading in ivory.

Extrapolating from these figures, it will not be long before an elephant is a rare sight in this part of east Africa, for other figures in the survey do not improve until you get further south, where the status of elephants appears to be similar to that of east Africa in the 1960's.

In national parks such as Hwange there are secure populations of elephants at high densities and they are especially easy to see at waterholes as the dry season progresses. Some of these waterholes are provided with hides – look-out towers large enough to accommodate a number of people under a thatched roof – and it is rewarding to spend some time in them, for many species come to drink and some rarely stray far from the water.

I have watched individual giraffes converging from a wide area, rocking through the trees until a collection of 20 or so were spreadeagled round the edge, lowering their long necks to drink. The elephants often turn up as the sun gets hot, either in family groups or in loose bands of males. They may spend some time bathing or groom in other ways, rubbing their bodies contentedly against a well-worn and shiny scratching post or even picking up a stick to scratch at otherwise inaccessible irritations.

It is wonderful to discover that these animals are not confined to the national parks, as droppings on some of Zimbabwe's roads will testify, and this comparative freedom from harassment exends across the border into Botswana, apparently the unrivalled elephant country at present.

In the chain of protected zones, Chobe national park, Moremi wildlife reserve and the Okavango Delta, which are strung along Botswana's northern boundary, there are estimated to be in excess of 50,000 elephants. These are especially concentrated along the banks of the River Chobe, occupying the mopane woodland in the river valley.

The trees are battle scarred and contorted from the attentions of the elephants, and in parts the area is reminiscent of the Somme in 1918. Driving through the denser stands of trees can be an eerie experience. The road is often blocked by fallen trunks and a way around the obstacle has to be found through the bush. All the time one is conscious of grey ghostly shapes moving silently through the woodland as they tread softly along on padded feet.

In more open country it is not unusual to find yourself quite suddenly surrounded by elephants. They cross the road with utmost confidence and as you draw to a halt in a flurry of dust to let them pass, the cracking of branches to right and left reveals other animals feeding, with cattle egrets dancing at their feet in search of dislodged insects.

More elephants are now crossing the road behind, and you can only sit in the dry heat quietly absorbing the atmosphere of Africa – the sound of doves, the occasional heart-stopping scream of a fish eagle and the deep rumble-grumble of the elephants themselves as they slowly meander to the river. This area of Botswana is currently showing an annual increase in its elephant population of 5 per cent per annum, which is a significant rise on a figure of 50,000 animals and one that is likely to cause real problems without some form of management in the future.

For the sheer joy of watching elephants in large numbers, Chobe is unsurpassed. You may see them strung out in lines as they cross the flood plains to reach the water and there are herds of elephants along the river frontage almost constantly.

Equally exciting, but in a different way, is to see elephants on foot. It is rarely possible to walk anywhere in Africa's national parks, but the Luangwa Valley in Zambia is now well known for its walking safaris. Unfortunately, the valley of the elephants, as it was once known, is suffering as badly as other parts from the depredations of poachers, but there are still an estimated 14,000 elephants there in some of the densest concentrations in Africa.

Walks start early, soon after daybreak when the air is cool, and full of birdsong and animals are still active. You may come across a hyena stealing home to its lair or see lions padding quietly through the bush. Generally trail leaders try to avoid elephants but with the densities in which they are found in Luangwa this is not always possible and when you come across them it is a real thrill.

Without the protection of a vehicle, one gets a true feeling of their size and power as they casually snap branches from trees and bushes and feed great fronds of leaves into their mouths. Sometimes they will reach high above their heads to pluck some delicacy; at others they will pick clumps of grass and carefully knock the soil off against their knees before chewing them methodically between their great molars.

You also come to appreciate the strong family ties between members of each group and the obvious care and concern these beautiful mammals show for one another. Go and see them now.

Travelling to Botswana was made much easier in 1987 when British Caledonian began flights to Gaborone, the capital, from Gatwick. It is possible to link with an Air Botswana flight to Maun where you can join one of the local safari companies such as Africa Calls!, Private Bag 13, Maun, Botswana.

British Caledonian's Botswanan flight stops off at Lusaka, in Zambia, and from there flights can be arranged into the Luangwa Valley, either on service aircraft or by chartering from local companies such as Airvania, PO Box 33671, Lusaka, which have the capacity to carry parties of up to 14 people. Walking safaris in the national park are run by Wilderness Trails which should be contacted through Marketing and Reservations International, 61 Brompton Road, London SW3 1DP. Tel 01-589-0144.

Air Zimbabwe flies regularly from Gatwick to Harare and on from there to Hwange national park where there is a range of accommodation which includes the national park's own self-catering bungalows (booked through the Department of National Parks Central Booking Office, 93 Stanley Avenue, Harare), Hwange Safari Lodge or safari camps such as the exciting tree houses at Sikumi. Bookings at the last two can be arranged through Abercrombie & Kent (Sloane Square House, Holbein Place, London SW1W 8NS, tel 01-730-9600) which runs flexible and inclusive packages to all three of the above countries.

● If you would like to contribute to elephant conservation, donations can be sent to the African Ele-Fund, Care for the Wild, 26 North Street, Horsham, West Sussex, RH12 1BN.

Once they had the confidence of masters of their environment, but elephants now show a new unease

Live-in cover

BRIEFING

FEARS of break-ins at home trouble nearly half of all British holiday makers, according to a recent opinion poll. One nationwide service aims to set clients' minds at rest by providing a live-in deterrent to burglars – as well as a telephone answering, plant watering and pet feeding service.

Homesitters aims to match each sitter with the requirements of each householder. Prices start from £77.00 a week without pets and £80.50 with pets. Details from Homesitters, The Old Bakery, Western Road, Tring, Herts HP23 4BB. Tel: Tring (0442) 891188.

●

WILDCAT Ventures offers children aged between 8 and 12 the chance to learn outdoor skills including fishing (loch and fly fishing), orienteering and stalking in the Scottish Highlands, writes Lucia van der Post. Based in Carrol House, Brora, there are five one-week courses during the summer holiday (from July 24 until August 28). There are still some places left for the Easter week programme – April 9 to April 16 – which includes three days spent learning shooting, fishing, orienteering, camouflage and campcraft followed by a a three-day expedition in the Highlands where they will learn to use a compass, to read maps, to pitch a tent, build a fire and cook.

The cost of a week is £349 inclusive. Wildcat Ventures, Sutherland Estates, Golspie, Sutherland KW10 6RR. (Tel. 04083-3268.)

●

AN UNUSUAL money-back guarantee is made by Magic of Israel in its summer programme. Clients at the Red Sea resort of Eilat will be given a £25 cheque if it rains there for more than one hour during their holidays between May and September. Managing director Philip Sheridan says: "We are so confident that the weather will be good and hot that we are putting our money where our mouth is."

Prices for seven nights in Eilat start from £379 per person, including flights. For further details tel: 01-743-9555.

Annalena McAfee

Pursuit of provincial pleasures

SNAPSHOT

"THIS TOWN makes me feel sick."

Thus wrote Stendhal of the town where he was born on January 23 1783 - and Grenoble has never quite forgiven its most illustrious son. A two-room museum and one small ugly street are all that remind the visitor of the man who is, arguably, France's best known writer.

What the then Henri Beyle really hated was his narrow family circle, and it is true that on the eve of the French revolution, Grenoble was a small and mediocre provincial town. Yet between 1769 and 1775 a dashing young artillery officer, Choderlos de Laclos, was quartered in the city and the good times he enjoyed were the stuff of *Les Liaisons Dangereuses*. Provincial hypocrisy, it would appear, concealed a multitude of sins.

Today, Grenoble's wealth is built on tourism, industry and its university, the latter two working hand in hand in a union regarded as unusual in France. With 9,000 ft mountains dominating the town, skiing has become a major money spinner, locally nicknamed white gold."

Grenoble does not score highly when it comes to architecture: this is not Bordeaux or Aix-en-Provence, nor do the surrounding valleys boast the chateaux found in the Loire valley or Burgundy.

Yet the town and its surroundings offer considerable scope for a long weekend or a week's relaxation. The well-restored and partly pedestrianised old town has a fine example of late gothic architecture in the Palais des Dauphin, plus some massive town houses.

In turn, the regional history museum built on a hill across the Isere river in the 17th century Visitandines convent admirably brings to life the old customs of life in the Alps. It includes a lovely baroque chapel built at the time of St Francois de Sales, which is used for concerts.

A funicular built in 1924 takes you up to the Bastille fortifications from where, on a very clear day (which is not often), you can see Mont Blanc over 100 kilometres to the north.

Other museums beckon, not least the Musee de Peinture, which has some fine modern paintings, but the small Musee de la Resistance is the most interesting. Grenoble was made Compagnon de la Liberation by Generale de Gaulle in 1945 and the nearby Vercors mountains were a high point of French resistance. But disagreements about the Resistance - not least the fact that few people resisted in any active way - has made the funding of a larger museum as yet impossible.

The Chartreuse Monastery - a silent order founded by St Bruno in the 12th century - still survives, standing in a narrow valley in all the sober splendour of its 17th century architecture. Chartreuse liqueur is made in the nearby town of Voiron, its secret still known only to two monks.

Francis Ghiles

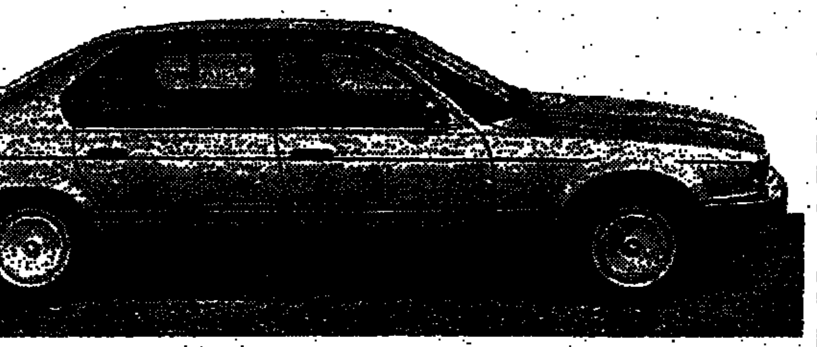
Motoring

THE DRIVE to Geneva for the *salon d'automobiles* is usually a journey into spring. This year, it was a trip back to winter. As far as Avallon, the BMW 750iL swished along wet autoroutes. Then the sleet started, followed by heavy snow. The Col de la Faucille, my traditional route, seemed inadvisable so I tried the newly-opened A40 autoroute, which I recommend. It bypasses the once lorry-infested streets of Bourgen, Bresse and Nantua and leads directly into Geneva.

In places, the A40 was down to a single salted and gritted lane. But when I had to use the uncleared second lane for overtaking, the big BMW felt as secure on several inches of snow at around 60 mph (100 kmh) as it had at 80 to 85 mph (130 to 140 kmh) in the wet.

It is a marvellous car, as it should be at a key-in-hand price of £54,000 (which is, however, £2,000 less than its Mercedes equivalent, the 560SEL, and nearly £6,000 less than a Bentley Eight). The five-litre V12 engine is almost silent and surpassingly smooth, which is what you would expect of a car-maker which makes six-cylinder engines that set a benchmark in refinement.

What I had not anticipated was its fuel economy. For a 1,400-mile round trip, including three days of town driving, I averaged 21.9 mpg (12.9 litres/100 km). For well over two tonnes of luxury car, that is a very modest thirst. It is due to several factors. One is clever electronic management of an efficient engine. Others are very high gearing (3,000 rpm equals 100 mph, or 161 kmh), an automatic transmission that gets into top as quickly as possible and stays there for as long as it can, and admirable aerodynamics.



The BMW 750iL . . . a beautiful car but tyres remain a problem

Not quite perfect...

The 750iL is a big car, 16ft 6in (five metres) long with the kind of back seat legroom one associates with limousines, not saloons. On motorways, it is untiring; in town or on narrow country roads, surprisingly nimble. The steering has just the right amount of power assistance. Handling, roadholding and braking standards are beyond any reasonable criticism.

Although it has a deliberately limited top speed of 155 mph (250 kmh) and steps off from a standstill to 62 mph (100 kmh) in 7.2 seconds, it is a gentle car to drive. The driving position is superb, the instrumentation and minor controls conventional, and the electronics as sensible as they are sophisticated.

There is no mechanical link between accelerator pedal and engine. In aircraft terms, the BMW 750iL flies by wire and it is impossible to drive it jerkily. Nothing is gimmicky. No vague bar graphs, but accurate needles on dials. No digital readouts, except on the easy to use computer and for recording total/trip mileage.

There is a ping at one minute to the hour as a reminder to switch on the news, another ping to warn of temperatures low enough for black ice to form. There are electrically adjusted and heated front seats, power sunroof, heated screenwash nozzles and door mirrors, air conditioning, cruise control, a built-in infrared remote locking and anti-theft system. I could go on. Suffice to say that BMW 750iL owners lack nothing necessary for swift, safe and luxurious travel.

It is arguably the best car of its class in the world at present, but that does not mean to say it is perfect. The leather-trimmed interior has a top-quality look and smell, but my wife and I agreed that softer seats would have been welcome. And the choice of comfort and sport shock absorber settings is pointless. One makes the BMW float almost like an American car. The other is just right.

Tyre noise, as it was on the BMW 735iSE I took to Geneva last year, is a problem unresolved. The 750iL's Pirelli P600s were narrower in section and quieter than the ultra-squat Michelin TRX tyres of the 735iSE. They were almost silent on very smooth surfaces, but too much of their grumbling over coarsely textured tarmac or French motorway concrete got inside. I suspect a Daimler Sovereign might have been a shade quieter; a Mercedes 560 or, for that matter, a Bentley Turbo R, a bit noisier.

I can see no solution to what is really a tyre designer's dilemma. Tyres are a compromise. One that lets a large, heavy saloon be driven safely like a sports car cannot possibly allow it to ride as silently as a head of state's limousine on all sorts of surfaces. New technology might provide an answer in the future. But, for the moment, it is something with which even the drivers of £50,000-plus motor cars have to live.

Stuart Marshall

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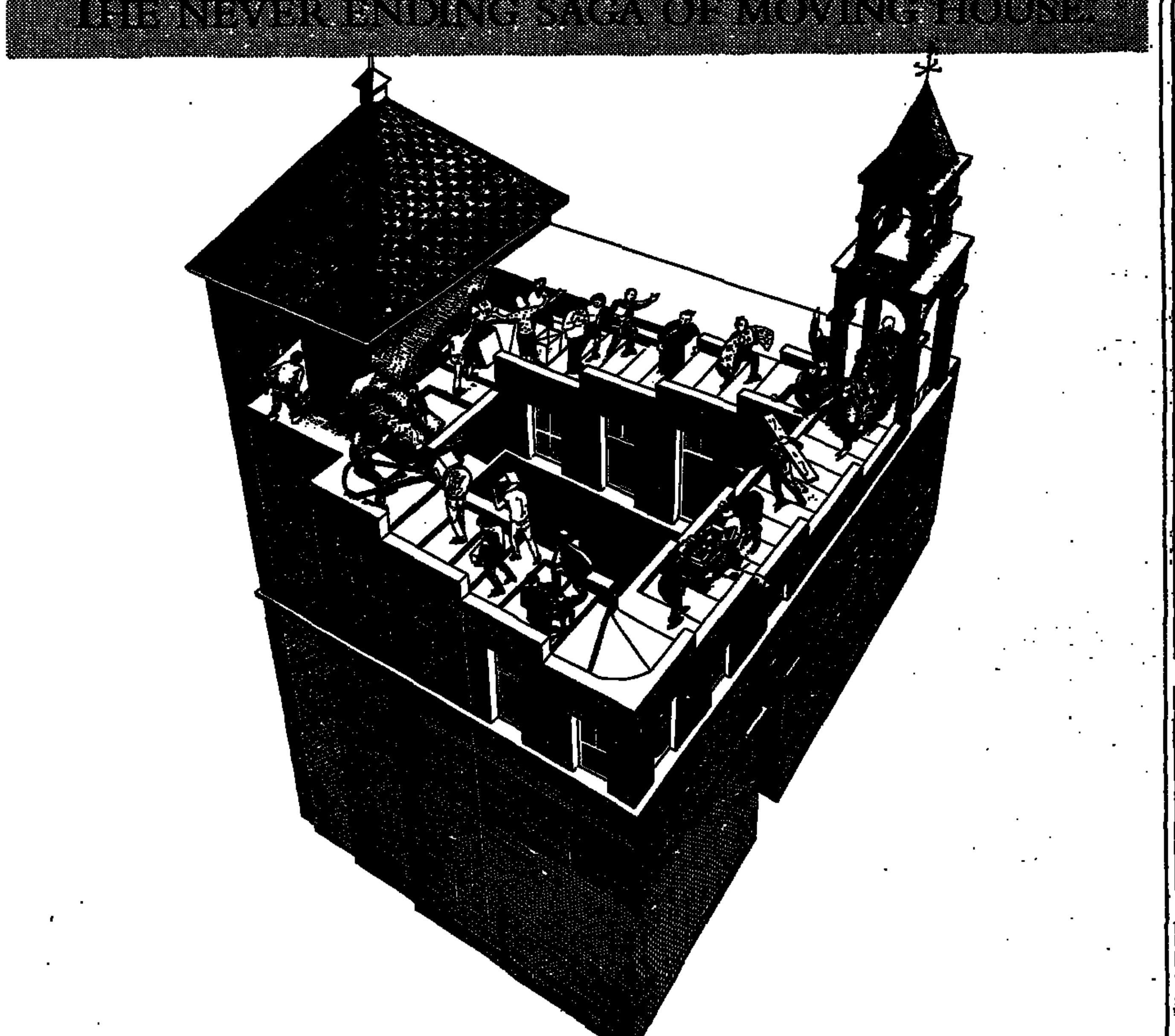

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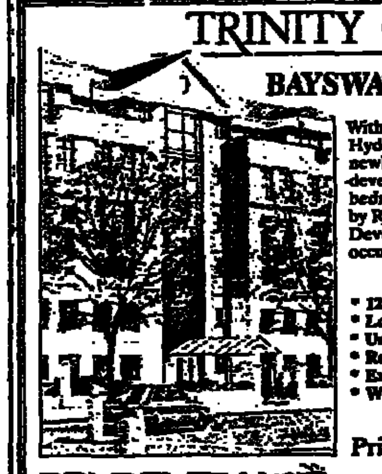

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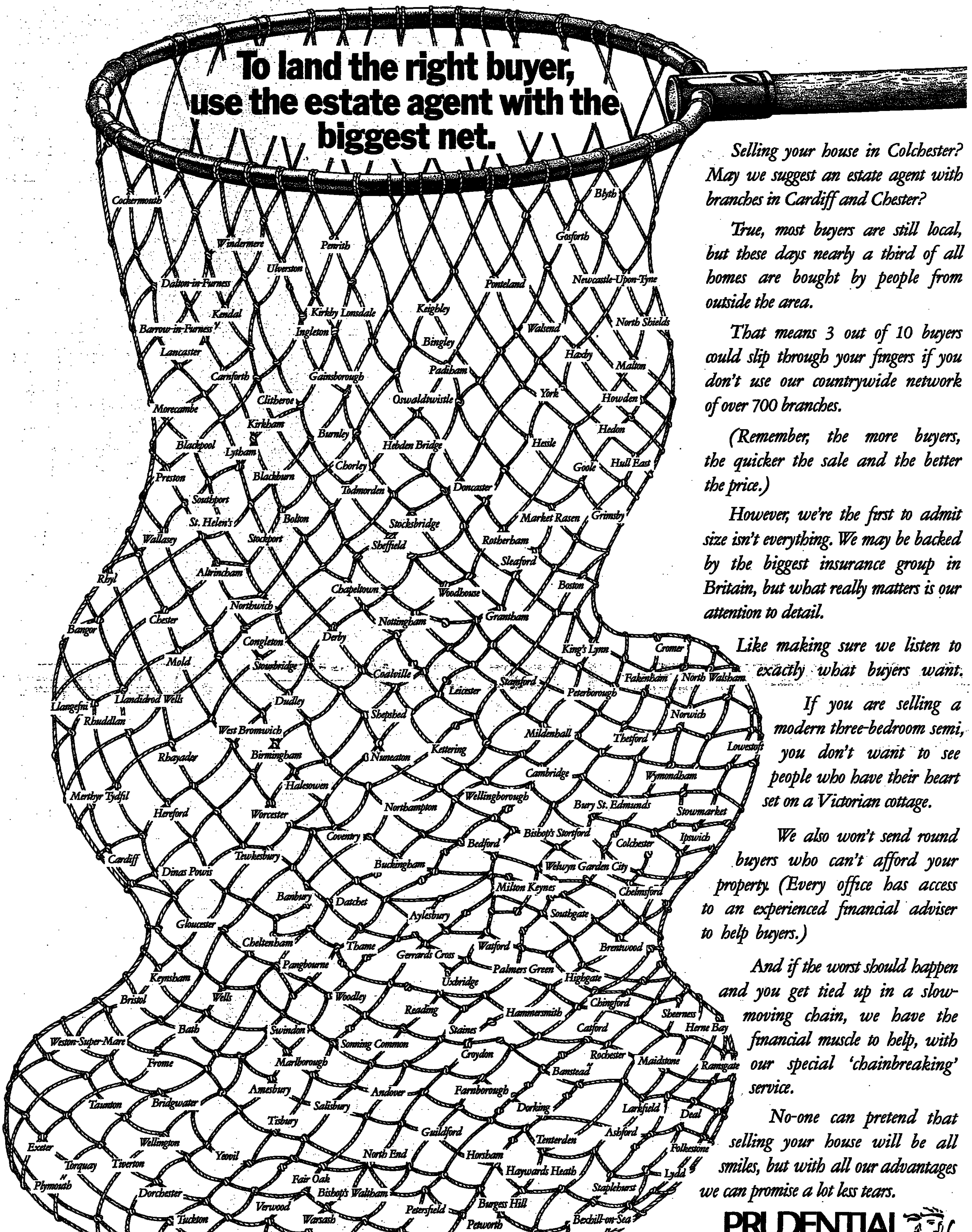

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London Property

• PROPERTY •

John Brennan looks at the effect of competition on the housing market

Good for products — bad for people

DAVID SARNOFF, the man who directed RCA through decades of growth, once mused that competition brings out the best in products, and the worst in people. It is a truism that neatly fits the British housing market today.

Housing products, whether new homes and redevelopments, home loan options or property transfer services, have been subject to a competitive transformation in quality in the 1980s. Housing people on both sides of the counter have been equally affected by competitive pressure, but in a far less positive way.

On the credit side, rising house prices have translated into a markedly higher standard of new home building. As the Halifax Building Society's latest price survey shows, a 57.4 per cent increase in new home sale prices in Britain in the past five years has taken the national average to £59,172, putting new homes at a near 20 per cent premium to its average for all homes.

That ostensibly supports the housebuilders' favourite argument that their customers are becoming increasingly sophisticated, and that new homes reflect a growing willingness to pay for better standards of design and finish.

Although this sounds faintly plausible there is at least as much strength to quite a different sort of competitive argument. Looking beyond the rather romantic idea that home buyers have suddenly become aware of, and adverse to, the skimpy specifications and pathetic absence of any kind of architectural merit of so much postwar UK housing, quality improvements look to be far more closely aligned to the building industry's response of spiralling site costs.

Land costs have risen far faster than property resale prices because of planning constraints in areas with the heaviest demand for housing, primarily those affected by the accelerated shift of economically active population into the south east. As the big greenfield sites have become increasingly rare, so the old-style volume housebuilders have switched to building fewer, higher margin homes.

You can see that fewer/better homes phenomena in the balance, or rather the imbalance, between the house completion figures and the number of new households formed each year. The Building Societies Association estimates that about 190,000 new private sector homes will have been completed last year, the highest total since 1973. Yet even with that record number of new homes to top up a poor annual average, builders in the 1980s have barely been able to keep pace with the rate of net new household formation, let alone the total demand made up of those new households plus all the homes needing replacement as they reach the end of their useful lives.

Between 1981 and 1986, some 160,000 new households came into being each year. That average rose to 170,000 a year from 1986 and this net new demand for homes, excluding replacements, is expected to remain at that level for the next three years.

Now that public sector construction no longer makes a significant contribution to the housing stock, even the most optimistic forecasts for new building mean that private housebuilders will not be able to keep pace with basic demand, at least until the end of the decade. In this sellers' market, improvements in housing quality reflect the commercial logic of facing up to planning constraints on volume and producing fewer, better homes for a higher price.

Competitive pressures have had a double edged impact in that better quality has been won at the expense of volume. But it has had an unambiguously positive effect on the mortgage market as far as the range of home loan options goes, although choice has been at the cost of paying open market rates for money.

Competition has helped to contain, and in some cases cut, moving costs

The building societies' near monopoly on housing finance disappeared with the collapse of the cosy cheap deposit/cheap loan cycle of the 1960s and 1970s. Raising mortgage interest to pay the higher deposit rates demanded by savers pushed the societies into open competition, first with the banks and later with both banks and wholesale money lenders.

The BSA forecasts that the combination of less competition for retail funds from unit trusts and share investments after last October's stock market crash and the Building Societies Commission's recent decision to ease the restrictions on societies' capital market borrowings by doubling the limit on wholesale funding to 40 per cent, should enable the societies to lend around 60 per cent of an estimated £32 billion of net advances for home purchase this year.

But to win that market share the societies are having to sell money as hard as any double glazing salesman. We now have everything from Bristol & Wests "winter sale" of £50m guaranteed mortgages, with three quarters of a per cent sliced off interest charges for a year, to every variation of low cost; starter, executive and discount mortgage package that the advertising copywriters and the product marketing teams can conjure up to tempt buyers to borrow from their society, bank, finance house or insurance company.

Just as competition ended the mortgage queues and provided a bewildering borrowers' choice of mortgages, so it has also helped to contain, and in some instances actually reduce, the cost of moving home. In the latest of its regular surveys of professional charges and removal expenses based on a sample of 38 towns, the Woolwich Building Society shows since 1983 retail prices have increased by 25 per cent and average house prices by over 60 per cent, but the total costs of buying a property have fallen by 2.7 per cent. Over the same period, the costs of selling a home have risen by only one per cent.

Surveying costs are up 60 per cent in the five years, removals costs have risen by nearly 30 per cent, but solicitors' charges have dropped sharply as they face up to competition from licensed conveyancers. The average cost of selling a £60,000 house now would be £1,550, just £10 less than the costs of buying the same property.

Competition has clearly sharpened up the property transfer business, but what about Sarnoffs' idea that it has a bad effect on people? There are clear pointers to one problem area in the Woolwichs' figures showing that estate agents' fees levelled out in 1985/86, and fell by an average of 11 per cent last year. The society comments that, "these figures seem to bear out the suggestion... of a price war as institutions which rushed in to buy estate agencies seek to establish their market position."

Estate agency fees – now averaging 1.93 per cent of selling prices against a peak of 2.16 per cent in 1986 – show just how price-competitive this part of the market has become. What those figures fail to show is how cut-throat that competition tends to be in those parts of the country where the old "gentleman's agreement" about not poaching each others clients have given way to a free-for-all.

This competition may translate into a more customer-attentive service from agents. But in the meantime, the battle for instructions mean that London agents knock on the doors of people with other agents' sale boards asking if they are satisfied with the service and use their car phones to call out their own prospective buyers.

It also means agents recommending that properties be offered at unrealistically high an asking price just to win sellers instructions, and, on the other side of the counter, it has increased the number of sellers who see nothing wrong in withdrawing a property which they have already agreed to sell just to gain an extra few hundred pounds from a late bidder. Good for products and bad for people – Sarnoffs' business theory does fit the housing scene uncomfortably well.

LITTLE Salterns, at Bucklers Hard near Beaulieu, Hampshire, is a 1915 variant on the theme of the New Forest thatched cottage.

Five bedrooms, three bathrooms, three reception rooms, a self-contained guest flat, swimming pool and tennis court in four acres of gardens set the house apart from the average cottager's home.

So also do views across Beaulieu River and the Solent to the Isle of Wight.

Paul Jackson, of Jackson & Jackson, (0590-75025) is looking for offers around £1.25m for the freehold.

Escape the bed-sit

WHEN YOU are faced with between £30 and £40 rent a week for a furnished bed-sit, the option to buy starts to look appealing. Carter Jonas, drawing on data from a survey of student accommodation costs in the university centres of Oxford, Cambridge, and York, finds that an increasing number of students' parents are willing to help fund their children to become buyers rather than renters. It expects the trend to become even more marked if there are relaxations in the Rent Acts.

Edward Waterston, at Carter Jonas, reports that student-parent buyers have started to take on bigger properties in recent years, covering financing costs from sub-letting to fellow students and coming out of the deal with a significant capital profit. "Motives are not solely financial," says Waterston. "Parents do like to think that their children are living in reasonable conditions."

If parents look at the cash balances alone, the case for buying is fairly persuasive. Agents report that renting a room in a private house in Cambridge costs around £30 a week. Bed-sits rent for between £30 and £40 a week. Buying would mean paying between £50,000 and £55,000 for a basically modernised three-bedroom Victorian terraced house out of the central area, or from around £65,000 in the centre. According to the agents, it is these properties that have shown the greatest increase in price in the past three years "and will continue to show the best continuing increase."

A room in a private house in Oxford could cost £40 a week, while a two-bedroom terraced private house would cost in the region of £75,000. Rentals clearly would not cover the funding costs on that basis, but the shortage of accommodation in the city underpinned a 20 per cent rise in property values last year and there is no sign of a let-up in the demand for property there.

In York, a four-bedroom semi-detatched house near the university campus costs around £40,000. As student rents are in the £30 to £40 a week rank for bed-sits, the case for buying rather than renting there is equally strong.

Country Property

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Rentals

London Property

International Property

The Government's plans: co-ed or single sex: prep schools and further education: this survey covers a wide range of fee-paying schools. It is introduced by **Michael Dixon**, Education Correspondent

INDEPENDENT EDUCATION

WHEN LEADERS of Britain's independent school sector were announcing yet another successful year at a London press conference just 23 months ago, an event was impending a dozen miles to the south that has since raised a threat to the sector's fortunes. The event was the local authority elections in Kingston upon Thames, Surrey, in which the Conservatives who had run the borough council for years lost power to the SDP-Liberal Alliance.

One of the main points on which the Alliance campaigned was a promise to end selective state-maintained schooling in the area. The prime target of that promise was the Tiffin grammar school for boys which, although its governing body was firmly committed to preserving its established character, is funded and controlled by the local authority.

News of the school's vulnerability quickly reached the high offices of the Tory party, where several people from the area have influential voices. An example is Mrs Angela Rumbold, Education Minister responsible for schools and MP for neighbouring Mitcham and Morden, who is a former leader of Kingston upon Thames council.

Soon Conservative policy advisers were pondering how they could save Tiffin from being turned into a comprehensive. One possibility that occurred to them was to allow the school's governors to opt out of local authority control and be funded by a grant direct from Whitehall. Then someone mentioned the idea to Mrs Margaret Thatcher, and her eyes lit up.

Today, Kingston council is back in Tory hands and the menace to Tiffin gone. Moreover, its governing body has evidently made a principled decision against removing it from local control. But because of the Prime Minister's enthusiasm for the idea dreamed up to save the Surrey school, the possibility of opting-out in favour of being grant-maintained by central Government is being extended to schools throughout England and Wales by the Education Reform Bill.

The implications must now be on the agenda of almost every meeting, whether formal or informal, of people concerned with the UK's 2,500 independent schools. For although the queue of parents wishing to pay their fees has been lengthening steadily these past few years, the Bill's provision for opting-out could face them with unprecedented competition.

Schools wholly reliant on their own resources have been subject to taxpayer-financed rivalry before. It came most prominently from the semi-independent direct-grant sector wound up by the Labour Government in the mid-1970s with the result that most of direct-grant institutions went fully independent.

But, as heads of private schools hasten to point out, the former semi-independents were to an important degree self-financing. The public money they received funded only a proportion of their pupils. To cover the rest of their costs they had to attract families willing to pay fees.

The grant-maintained competitors will be different. Not only can they be expected to include some of the state sector's most attractive schools in terms of the public examination results they achieve. They will also be almost entirely financed by the taxpayer, being specifically excluded from charging fees for attendance at all.

What is more, the independents can look forward to further fee-less rivalry from two other sources. One is the Government's plan to aid areas needing industrial renewal by setting up 20 city technology colleges which, although their premises and capital equipment will be paid for privately, will have their running costs largely covered by grants from Whitehall. The second source is the Reform Bill's provision for local authority schools oversubscribed with applications from parents to expand to their maximum pupil-capacity.

The potential competition is nevertheless welcomed by the private sector's leaders – at least in public. The official reactions of the various fee-charging schools' associations are typified by the comment of David Smith, head of Bradford Grammar and current chairman of the Headmasters' Conference, representing mainly large independents for older pupils, particularly boys.

"Since we've always meant every word we've spoken about the importance of increasing parental choice and raising standards, we're bound to approve strongly of the Government's efforts to do the same," he said.

Even so, the associations' solid official welcome masks a good deal of disquiet among private schools' heads about events to come. Several have misgivings about the means Ministers have chosen to pursue their aims.

One complaint is that the creation of a separate subsector of city technology colleges was unnecessary. It is argued that the same end could have been achieved by partnership arrangements enabling state school pupils to use the excellent resources for teaching design and technology already existing in numerous fee-charging institutions.

There is also criticism of the opting-out provision. "Whatever the faults of local education authorities, they're more in touch than Whitehall mandarins can be with the people in the neighbouring community," said the administrative chief of a group of independent day schools.

On balance, however, the private sector's opinion is that the shortcomings of the Government's measures are outweighed by the potential for improvement they hold out. "They'll have a galvanising effect all round," said another day-school chief, "and the general gain in quality will be all the better for the extra competition our sector has to face."

Views vary widely on how great the competitive pressure will be. Although the grapevine has it that about 100 local authority schools are preparing to opt out as soon as the Bill becomes law, some independents' heads feel the number that actually do so will be relatively small.

"Quite a lot of my counterparts in the state sector think the benefits they'd get by becoming grant-maintained wouldn't compensate for what they would lose, like the help of local authority educational advisers and bulk-buying schemes," remarked the head of an independent girls' school catering largely for boarders. "And if teaching staff dislike the implications, I'm sure they will spell them out forcibly enough even for affluent middle-class parents to be deterred."

A particularly strong disincentive to widespread opting-out is thought to lie in the poor condition of many state schools' buildings resulting from years of low spending by local authorities on maintenance. The Audit Commission recently estimated that £860m needed to be spent in England and Wales to make up the backlog of structural repairs.

"Governing bodies would hardly be wise to go on their own with shaky premises unless Whitehall first guaranteed them the money to put the buildings right," a local authority official said.

Complications about premises are also delaying the onset of competition from the proposed city technology colleges. The private sponsors of the only one with a firm starting date so far – it is due to open at Solihull near Birmingham in the autumn – paid a lump sum of about £1m for the college's buildings to their former owners, the area's local authority. Although several other colleges are in the planning stage, their sponsors are anxious to lease their premises rather than buy them outright from capital funds. But the Solihull precedent has inspired the owners of suitable premises to hold out for similar lump sum payments.

Another reason why some private-sector interests think opting-out will be relatively restrained is that the state sector

Continued on next page

Is co-education the way to the future? It seems to be working well, even on the sports field. But there are still arguments for single-sex schools, particularly in the girls' sector.

Girls who won't miss the bus

A DOUBLE-DECKER bus is plying around London completely equipped as a £60,000 design and technology unit. It calls at four schools a day to show girls the future of technological realities in the 1990s.

"The bus has a teacher-driver," says Michael Oakley, secretary of the Girls' Public Day School Trust, which runs the bus. "Its design and technology unit includes a classroom fitted with computers and all that goes with them."

The four schools visited by this travelling-tech bus are Notting Hill and Ealing High, and South Hampstead, Sutton and Bromley Highs, just a few of the 24 girls' schools from Birkenhead to Brighton administered by Oakley's organisation.

And at a time when educationists seem to be pushing the co-ed answer to all the problems of independent education, the Girls' Public Day School Trust believes it has got it right. The reaction of many people in the business of selling independent education - "Well of course, headmistresses of girls' schools are completely paranoic about co-education" - doesn't impress the Girls' Public Day School Trust.

Oakley, whose last appointment was as Bursar at Eton, believes in the trust's girls-only policy. Is co-education a real need or has it been pushed for commercial reasons or as a result of parent-pressure? If you take a prep school head who has lost a lot of boarders in recent terms because the boys can't go to the samer school as their sisters, then you can understand why he goes co-ed fairly quickly.

But Oakley defends the trust's policy. "The general consensus seems to be that in co-ed schools, boys by their nature and personality do tend to elbow aside girls. Girls in co-ed schools are expected to conform to their roles. Girls do languages, boys do science. In these co-ed schools, the men are still the managers and the leaders."

Whether this is true would create an argument that would fill more than four pages of the Financial Times. But Oakley can quote the success of the trust as evidence - several old girls have been government ministers and they are well-represented in professions like the law and medicine. Old girls seem to want to move mountains to get their daughters into a trust school.

The trust was founded in the mid-19th century with Kensington High (1873 with 18 pupils) its first school. The present 24 schools have 16,000 pupils. Fees are low, if you look over the whole independent school area – around £700 a term, with around £700 more for the two schools in Brighton and South Wales which take boarders. Oakley points out that even with the low fees the trust provides most of the schools' incomes. And wise investment, plus the trust having its own architects' department, have made it possible to embark on £240,000 building programmes at all their schools.

But what about sport in these girls' schools? "We do not have to approach sport in a gladiatorial sense. We see sport as a pleasure and a social skill which may be valuable when you leave school. Girls' schools of ours have found that because of our lousy weather we should get many sports indoors, with centres providing activities like badminton, volley ball, gym and dance. But withourb the macho of the rugby field, we still produce county and international lacrosse and hockey players."

In the face of bigger moves towards co-education, the trust schools seem to be surviving well. Entry is by merit and examination and the trust claims that applications have risen steadily every year since the schools lost direct grant status and became wholly fee-paying.

Alan Forrest

Prep schools seek growth

ENGLISH WRITERS, those of the 20th century, anyway, have not been kind about prep schools. We cannot forget the eight-year-old Eton-bound George Orwell in Such Were the Joys, praying night after night "Please God do not let me wet my bed."

His final verdict on "St Cyprians" which got him to Eton was: "I loathed its very name so deeply that I could not view it with sufficient detachment to see the significance of the things that happened to me there." And the rest of the literary legacies of prep schools seem to produce a long line of Squeerses and Captain Grimeses stretching on to infinity.

Prep schools are not like that now. There were worries in recent years - not because of the memories of Messrs Dickens, Orwell, Waugh and Co., but just that it was felt that parents coming into the independent school sector for the first time, and faced with the problems of budget-bending fees might want to settle for state primary education rather than start paying almost from the cradle.

In fact, prep school placings have risen every year recently and the drop in boarding seems to be recovering. Is the present success of prep schools a result of

The world of the prep school has changed and keeps on changing. Pressure from parents is persuading more and more headmasters to switch to co-education. ALAN FORREST looks at the chaznges and reviews a new source of information for both parents and staff.

the increasing move to co-education? David Ives, chairman of the Incorporated Association of Preparatory Schools (IPAS) and head of Holmwood House, an old-established prep school at Tunbridge Wells, has recently announced his plans for going co-ed in 1989 and within hours of making his plans public was bombarded with inquiries from parents.

Does the move towards co-education signify a change of heart among the entrenched advocates of single-sex schools or is it the result of parent-pressure? Ives, whose school has obvious advantages for boys - valuable links with Kings School, Canterbury (one of the senior masters is on his governing board) and Tonbridge, where Colin Cowdrey learned to prosper with the cricket bat, admits that he has lost several promising boarders in recent terms because they couldn't go to the same school as their sisters.

One can understand the practical advantages. For parents who feel they need boarding education, because mum and dad both have jobs, it is one way of keeping the family together and cutting down on crippling travel expenses at weekends and holiday times. But more realistically, families are increasingly looking at the new list of girls' needs throughout the whole term of their education. For example, a public school in Kent has just reported that eight of its girls (this is a co-ed school) have become valuable members of the Combined Cadet Course and are now doing sophisticated computer activities with the Royal Signals.

Another signs of things stirring in the prep school world is the issue of its new magazine, *Prep School*, which is published by IAPS in conjunction with the Society of Assistants Teaching in Preparatory Schools (SATIPS) and updates and glossifies some previous publications. It is available on subscription only, £6 for three issues a year.

The magazine is edited by Anne Kiggell, a former civil servant and school administrator turned journalist. She was several years working in administration at St Paul's Boys School after working in the Prime Minister's office under Harold Macmillan, Alec Douglas-Home and Harold Wilson. The contents of the magazine may strike you as formidable - a message from Education Secretary Kenneth Baker, articles by Bradford Grammar School head David Smith, chairman of the Headmasters Conference, and other independent school experts. But as Mrs. Kiggell promised, it does have light relief which gives probably the best advice to searching parents.

John Eddison, a prep school man of long experience, gives advice to new headmasters on entertaining visiting parents, under the headline "Pipe in Mouth, Tongue in Cheek."

"I see your'e a golfer," he hazards. "Ah, I used to play quite a bit, but there doesn't seem to be (Never 'there isn't any') much time for it nowadays, and the garden (gesture towards the window here) is apt to take what there is. Notice that this hint of wider interests neatly dispels any suggestion of philistinism.

"The time has come for drinks: Dubonnet and sherry are on the table, the more expensive spirits somewhere around ('I think they are next door') but not immediately to hand. This produces the expected Knight's move,'Please don't bother,I really would prefer sherry.'"

Then on to the headmaster's wife. "She should be introduced to the visitors as 'My wife'. Her title will vary and the nuances are subtle and important . . . at some stage an invisible line is crossed by senior members of the staff and by parents who graduate from being clients to being friends, and she becomes Helen, Jane or whatever . . . Parents and others should wait for the invitation, tacit or overt - 'I think we can dispense with surnames.'"

But not all prep school is fun and games. N.J. Howard, head of St Paul's Prep examines the case for entrance examinations and concludes that this is the time to "put the scholarship giant" to sleep. And in an area where co-education seems to be invading long-established male bastions, Elizabeth Major, head of Warwick Prep School and IAPS vice-chairman of the IAPS, says: "If girls' schools are to survive and attract pupils as they have done in the past, we must rise to the challenge . . . by providing an education in our schools as broad, varied and exciting as that provided in the co-educational establishments.

"We must persuade governors of the need to build, expand and improve facilities to allow the equal opportunities so necessary for today's children.

"The longer we delay in providing the correct diet for girls, the less likely they will be to be healthily-equipped for the next century."

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A wide look

is short of the management ability needed to run schools on the more free-standing basis implied by the grant-maintained scheme. "It has taken us independents years to build up the management skills we need, not just in our full-time staff but in the variety of people we've persuaded to serve as governors," said the head of a medium-sized boarding school. "It won't be easy for maintained institutions to do the same."

Moreover, whatever the extent of the increased rivalry, it is, largely expected to affect some types of private schools far more than others. Those concentrating on boarders, which in recent years have lost some of their "market share" to their counterparts catering for day pupils, are not expected to suffer further from the Reform Bill's measures. The state sector has comparatively little provision for boarders, only about 7,000 places against the independents' 127,000.

The competitive pressure is therefore thought likely to fall most heavily on fee-charging day schools, especially those with large numbers of pupils from lower income families whose fees are subsidised under the Government's assisted places scheme. It is thought that since the means-tested scheme involves form-filling, many parents now taking advantage of it will transfer their custom to grant-maintained schools where such bureaucratic complications would not arise.

A further widespread expectation is that the draft will be felt much more keenly by independents for older pupils than by the preparatory schools. "I cannot see the prep stage being affected anything like as much as the senior stage," said Mr David Ives, head of Holmwood House in Kent and chairman of the Incorporated Association of Preparatory Schools.

But other leading figures in independent education think that the evident majority expectations of relatively restricted competition are over-optimistic, and that no part of the private sector can count on being exempt.

Although agreeing that large-scale competition will probably not spring up immediately, the pessimists – who see themselves as being simply realists – think the longer-term threat is severe.

"Unless the political scene changes in a way that doesn't seem likely," said one, "a lot of state schools will set their sights on going grant-maintained but develop the management they need before taking the plunge. Five to 10 years on, we'll all be on our mettle, just wait and see."

Nor do all heads in the preparatory sub-sector feel that their future is assured. "We'd be daft to view the prospects as anything but extremely serious," declared Mr Dick Reeman, head of the junior section of Stockport Grammar School.

"A lot of our pupils come to us because parents see us as feeders for senior schools. So if competition makes the senior schools we feed less attractive, there'll be less reason for sending children to us. And while I may be looking on the black side, it's better for the lot of us to prepare for the worst than to sit back smugly on our laurels."

Jonathan Sale takes an alternative view of independent schools

Looking at St.This and That

WHAT THE independent schools like is repeat business. Fathers, sons, grandsons, all going through the system and all turning out to be nice little earners for generations of bursars.

"I taught your father, my boy," the old classics teacher will say, "and your brother, and your second cousin twice removed," he will continue. "Very badly," he won't add.

In my case, they have failed to make a sale. They had my parents' custom: I was sent through preparatory and public schools. They do not have mine: my children are satisfied customers of the local state schools. But if you must consider the private sector, learn by my misfortune. Here are some points to check as you weigh the merits of St This against the facilities of St That and the academic track record of St The Other.

Geek. There was a lad in my school named Geek. Every boy's hand was against him. It wasn't his fault that he was a loathsome, unctuous creep but it was definitely our fault that whenever we saw him, we knocked him over, tugged at his books and generally made him feel like a Rastafarian at a National Front meeting. For this his parents shelled out the sort of cash which would have taken the entire wage packet of a worker at a factory up the road.

It took them four years to tumble to their mistake. Do not make it yourself. Ask around. Is there a Geek at St This? If so, expel it from your thoughts.

Ferguson Minor. A boy at my daughter's primary school was unfortunate enough to win a scholarship to a choir school.

"What," the envious neighbours asked when he returned after his first term, "was the best thing which happened during the last few months?"

"Ferguson Minor," he replied. And why was Ferguson Minor the best thing which had happened to him? Ferguson Minor, it turned out, had been ill half way through the term, which for a short time had prevented the nasty little tyke from roughing up the new boys. The worst thing which happened was that Ferguson II recovered.

Ask the kids at St That: is there a Ferguson figure about the place? If there is, avoid it, unless he has a disease which is at least termly, preferably terminal.

Gay Rights. The state schools have been in trouble for allegedly presenting homosexuality in a favourable light, but meanwhile the single-sex public schools don't present it – they have been getting on with it. I can recall clandestine meetings and expulsions – and that was just the masters. There was a Mr Freeman who was dating a Mr Willis and had to marry Miss Hardy, the matron, as a cover story.

I can also recall nice Mr Anderson who was more affectionate than he was strictly obliged to be. Since I had no idea what was going on, I can't say it warped me in any way; and these days, with co-ed schools, the sexual scene is different. But to be on

the safe side, make sure there is no Mr Anderson.

Appeals. The only junk mail to which I have ever replied came from Sir Roger Rug, chief fund-raiser for my old school. "Dear Sale," he began. I read no further. Here was someone sending out a begging letter – and he used my surname as if I were still in the Lower Fifth.

"Dear Rug," I replied. I should think he read no further. Unless you want the fees to quadruple every time a new computer wing is needed, make sure that the appeals organiser keeps a civil nib in his pen".

History. A friend of mine taught in a prep school whose main claim to fame was that one of its denizens once remarked to another, "Play up and play the game." This chance remark led to the writing of the legendary cricketing doggerel beginning, "There's a breathless hush in the close tonight."

If the only noteworthy event in a school's history is what some flannelled fool remarked to another back in the last century, choose somewhere else with less history and more present.

Nobel Prizes. Few teachers win these but parents sometimes do. Since my schools were in a university town, the fathers were liable to be pushing back the frontiers of knowledge during their working week. Every time one of them won the ultimate accolade, we all had a half-hol. This enabled the staff to skive off. Watch the catchment area of any educational establishment. Nobel winners mean bad value for money. Still, they are better than a place with too many:

Thickos. Conversely, watch out for a dim intake. I shared a study with a lad who was as likely to win the Nobel Peace Prize as he was to pass a single O-level. The only clever move he ever made was to leave school early for the world of industry. It wouldn't have mattered that he was on strike within a fortnight – except that the firm was owned by the only man in Britain prepared to give him a job. His father.

There is a fourth division of private school populated entirely by the sort of kids who are thick enough to down tools against their own family firm. Social climbing greengrocers send their lads and lasses there, only to find the place full of other greengrocers' offspring. There is no reason why you should.

Character. Rush away from any Head who trots out this tired old word more than three times in his first sentence. In my experience of the spineless lads cowed into submission by the public school system, "character" means expressing in forthright terms exactly what the bigger boys have just said.

Pretending to agree with everyone else is the ideal training for being a spy, as the expensively educated Philby generation discovered. But, these days, unemployment has hit even the espionage market.

Rebels. Look for youthful idealism. It may not exist much in the kids but there ought to be a few subversives among the staff to liven up the atmosphere. We had a science teacher who was arrested in a CND sitdown, much to the disapproval of passing schoolboys. His teaching was full of surprises to match.

One of his colleagues was such a cynic that he cast doubt on even the worthiness of the Lent collection. He too was a winner as a teacher. The trouble is that you don't meet his sort on a first inspection of a school. And if you do, he's wise enough to agree with the head teacher.

Lavatories. Finally, look at the loos. A man I know went to a long-established school in which the Gents were *not* of the normal flushing sort, but consisted of a series of cubicles placed above a slow-flowing drain. The snag here was that the boy in the toilet upstream could, and sometimes did, float down a lighted paper boat to singe the bottoms downstream.

Someone else threw down a lighted banger which, reverberating in the corrugated iron roof, shattered the nerves of the occupants. Is it value for money to have your kid end up with shell shock in 1988?

A page about money: **Michael Dixon** on the costs of running a school **Eric Short** advises parents on paying the fees

Why fees keep rising

FAMILIES WITH with children in private schooling may justly have groaned at fee increases continually above inflation in recent years. But in the judgment of chartered accountants MacIntyre Hudson, which is based on long observation of the private educational sector's financial performance, the fee rises cannot justly be blamed on poor management by the sector's schools.

"They're on the whole pretty good at handling financial matters. And though they take pains not to let money dominate their attention, they've had to think about it very seriously for a lengthy time now," says Mr Noble Hanlon, one of MacIntyre Hudson's partners.

He supports that verdict by citing his firm's annual surveys of independent-sector costs, which now cover getting on for 100 schools of various types. The average figures from the latest survey, for the 12 months to August 31 last year, are shown in the accompanying table.

It differentiates between boarding establishments for senior pupils, day-attendance schools for the same age range, and boarding and day schools at the preparatory stage. The costs per pupil are divided into two kinds: "fully comparable" expenses which are similarly incurred by pretty well every fee-charging school, and "semi-comparable" costs which can vary widely depending on the age of the institution's buildings and so on.

The average increase in total costs over 1985-86 across all four types of school was about 8.3 per cent. The rise was generally smaller in senior and preparatory boarding establishments than in the day schools, especially those for older pupils. But the boarding variety had more leeway for economy, the main reason being that teachers' pay constitutes a considerably smaller share of their total expenses than it does in day schools - 35 to 40 per cent of the whole compared with 50 to 60 per cent.

Teachers' salaries have been and remain a particular and complex concern throughout fee-charging institutions because they are affected by pay rises granted to teaching staff in the state-maintained sector. There were two state rises in 1987, one on January 1 and the second on October 1, each averaging 8.2 per cent. Those average figures, however, cloud the detailed effects of the pay increases on individual schools.

While the two state rises added up to an average of 16.4 per cent, how much extra living and breathing teachers were actually paid depended on where they stood in the seniority ranking. Those right at the bottom received 18.3 per cent whereas those five points higher were restricted to 8.5. An honours graduate with around seven years experience got 17.3. A few teachers at the peak of the classroom scales and receiving the *maximum additional allowance* were almost 60 per cent better off by the two-stage deal.

The effects on the costs on specific schools therefore varied markedly with the "seniority profile" of their own teaching staffs.

The private sector tends not only to employ teachers who are more experienced than the average, but also to enrol fewer pupils for each staff member. Typical ratios in 1986-87 were one teacher to 9.6 senior boarders, one to 12.5 older day pupils, one to 9.8 preparatory boarders, and one to 14.5 in prep day schools. For state secondary and primary schools combined the ratio is one to 17.3.

Moreover - as well as paying above state-school rates, especially at senior-pupil level - independents usually set their fees before the state-sector awards for same year are known. So guesstimates of those awards have an important influence on private schools' fee increases, which for the latest year have typically been around 15 per cent.

While teachers' pay is the most complicated question confronting the independents' financial managers, it is far from the only one. "Besides making sure to produce the revenue to cover what they're currently doing, they have to be looking ahead to future developments in education and making provision to cover them," Mr Hanlon says.

"For instance, over the past few years they've had to lay in the new books and equipment, especially for design and technology teaching, required by the change of the 16-plus examination to the General Certificate of Secondary Education. Planning of that sort is a difficult business, but in general the schools handle it remarkably well."

"It's fairly common for the governors to include a whole spread of expertise - academic, financial, legal and increasingly in estates management. And while the schools I'm familiar with have been well run ever since I've known them, they've become even sharper as the new generation of business people have come onto their boards bringing up-to-date methods and attitudes with them. Now the bigger state schools are going to have greater powers of self-management, I'd say their prospects will depend a lot on their being equally persuasive and selective in appointing governors."

Even so Mr Hanlon would not pretend that the independents are uniformly skilful in their handling of financial matters. "An example is coping with teachers' salary awards. Some schools, including preps as well as senior establishments, have adopted a long-term view and to a great extent separated their own pay structures from those in the local authority sector. So they're no longer as prone to shocks from the state awards as the independents that have stayed closely linked to the local authority arrangements.

Costs of running independent schools - 1986-87
Average spending in £ per pupil

Type of expenditure	Senior boarding	Senior day	Prep. boarding	Prep. day
Fully comparable costs:				
Teachers' salaries	1,439.6	1,133.6	1,231.0	700.5
Other pay & Nat. Insurance	651.5	253.0	794.1	277.5
Catering	601.6	83.0	407.5	44.6
Books & teaching materials	140.7	71.5	96.2	37.1
Games & entertainments	84.0	13.9	54.3	8.1
Laundry & general expenses	104.2	84.3	134.7	32.5
Semi-comparable costs:				
Rates & insurance	117.9	44.5	98.7	30.8
Fuel & lighting	207.4	52.2	141.3	40.4
Property repairs	318.4	88.8	152.9	42.4
Grounds	107.6	14.8	109.1	38.9
Household maintenance	118.4	68.1	138.5	41.9
Travel & profess'l charges	42.7	22.6	114.2	17.3
TOTAL	3,914.0	1,930.3	3,472.5	1,312.0

It is obvious from research that more and more parents want the lifestyle and charisma of an independent school for their children. This picture at Harrow in 1986 is part of it. But with the vision goes the constant worry about fees. This page gives some advice for parents who must watch their budget.

Simple economics for parents

THE STOCK market crash last October had some salutory lessons for most investors, including those parents with school fee savings schemes based on equity type investment.

The need for parents to consider saving in advance in order to ease the ultimate financial burden of private education is clearly demonstrated by the trend in school fees.

These continue to rise remorselessly, well ahead of inflation, for a variety of reasons, including the need of schools to keep abreast of modern educational technology developments.

The annual survey by the Independent Schools Information Service (Isis) showed school fee levels now standing at nearly £1,700 a term on average for boy boarders - 10.6 per cent higher than the previous year.

There are several ways in which parents can meet the school fee bills when they arise.

First they can pay them out of current income. Indeed for most parents this will be the main method of payment.

However, such payments have to be made out of net income. Although the Chancellor of the Exchequer, Nigel Lawson, is expected to reduce tax rates in his Budget next week, payment of school fees represents a massive drain on the family resources, particularly if more *than one child is being educated* privately at any one time.

Various surveys undertaken by Isis and certain school fee specialists have one overriding message.

Many of those having their children educated privately have limited financial means and undertake tremendous sacrifices to their life style in order to finance that private education.

Next, parents can save in advance towards the fees bill.

However, it needs to be emphasised that parents should not aim at meeting the complete fee bill through savings. If they can afford to set aside enough of their income to save for the complete fees, then they can usually afford to meet the bills out of income anyway.

The main exception arises if the father is working overseas for a limited period on high net earnings.

There are a variety of methods in which savings can be undertaken.

Originally, school fee specialists concentrated on using traditional with-profit contracts as the basis for the plans.

However, a decade of rising equity values worldwide resulted in many school fee specialists basing their savings plans on unit-linked life assurance and unit trusts to take advantage of the superior returns being achieved compared with the traditional with-profit system.

The stockmarket collapse last October reminded everyone that there is a risk with equity investment and investors need to be aware of that risk.

The time at which the school *fee bills will arrive is known in* advance. If this coincides with a fall in stockmarket values such as that seen last October, then there could be a shortfall that would have to be made up from other financial sources.

Under the conventional with-profit style of savings, investors receive a reversionary bonus addition to the maturity benefits that up to now had an inherent stability. In addition, the traditional life companies have been paying high terminal bonuses on these contracts at the time of maturity.

The old style planning tended to be based on the expected benefits from the reversionary bonuses only, leaving the terminal bonuses to come as a pleasant windfall to offset to some extent the effects of inflation.

In contrast, unit-linked life contracts and unit trusts provided high returns that fluctuated with stockmarket conditions.

The October stockmarket crash could well result in a return to the use of with-profit contracts.

If investors are nervy of the underlying volatility of equity markets, then perhaps they should stick to with-profits.

But the lesson of October is not to throw overboard equity-type investments but the need for continual financial management.

When markets are low, investors get more units for their money.

If markets are riding high and the time for the first bills is drawing near, then some of the equity profits should be cashed - in buy switching into building society accounts.

Such a course of action may mean missing the full benefit of a *continuing bull market. But the* lesson is that is better that this should happen than to be caught in a bear market.

Investors unfamiliar with the equity market need expert guidance and to rely on the specialist running the scheme - the performance record needs to be checked independently.

For short investment periods before the bills arrive, some specialists use deferred annuity contracts. These provide high returns with guarantees.

Unless one is playing the market, the benefit from equity investment comes over the longer term.

Next, parents may help ease the school fee burden by utilising any capital resources.

Many school will accept lump sum payment or part payment of fees in advance, suitably discounted.

But such offers should be compared with what the specialists themselves can offer, either on a guaranteed basis or on a unit-linked or unit trust scheme.

Finally, parent can consider bridging the fees gap by borrowing against assets, invariably the house.

The dramatic rise in house prices means that parents are sitting on a high value asset, which could be used to meet the fees bill.

The solution put forward is to borrow against the value of the house and repay the loan by means of an endowment or pension contract several years after the children's education has been completed - the Educate-Now-Pay-Later system.

Several schemes have been devised by the specialists, the *underlying theme being flexibility.*

The house is valued and a loan facility is set up based on this valuation, less any existing mortgages.

Parents draw on this facility as and when required, usually when the bills arrive. Interest is charged on the outstanding loan.

This course of action can be extremely costly in the long-term. Ideally it should only be recommended as a final resort.

But all signs are that it is becoming one of the principle means of financing the school fees bill. The total amounts being borrowed under the various schemes run into several millions of pounds.

Of course, in many cases financial help is provided bu other members of the family, particularly grandparents.

Here, grandparents and other family members, but not parents, can get favourable tax treatment by using covenants to make the payments.

Under current tax laws, if the payments are convenented to the children, then it is deemed to be the income of those children and basic rate tax can be reclaimed on the covenantyed payments.

It should now be obvious that provision of school fees should form part of an overall financial planning exercise for the family.

Any specialist ideally ought to start with an assessment of the family income and outgo - identifying the income shortfall that will arise when the fees become payable.

Then and only then should parents consider the means by which that gap can be bridged - savings, use of capital and borrowing.

And this is very much an ongoing exercise. Any plans should be reviewed every two or three years to take into account changing circumstances.

Parents should beware of the off-the-peg solution. It may fit or it may cause problems

•WEEKEND FT REPORT•

Crammers with a difference: Alan Forrest reports

Hard work and freedom

JAMES WAS at a boarding school near Oxford and doing very well. But he decided that travelling 40 miles home at weekends was not for him and, in any case, the things he was learning did not seem to have much relevance to what he wanted to do with his life. He wants to be an actuary and learn Japanese, the most important language, he believes, for anyone wanting a business career in the 1990s. So he went to a "crammer."

"We don't mind a bit being called crammers," says Gill Green, Registrar of Collingham Tutors, an imposing school in an elegant old house only slightly hidden away from the bustle of "Little Australia" in London's Earls Court. It is a house with an educational background. For years it was a prep school run by one of the profession's gurus who sold it only on condition that it would not be a prep school again. "I suppose he thought that only he could run one," Miss Green says. So it became the home of Collingham Tutors, a stronghold of what is now known as independent further education.

The case is put cleverly by J.L. Norden, chairman of the Conference for Further Education and principal of Davies's College in London, in the latest edition of the Gabbitas-Thring Guide to Independent Further Education. He writes of the position of Britain's independent schools as "the best in the world" but goes on: "Nevertheless, not every school can be equally suitable for every child and even with the best of intentions by all concerned, there are pupils who are confined within an unsuitable curriculum, are unhappy because they are expected to conform to systems of values for which the lifestyles of their homes lend little or no support, or who are dismissed as apathetic and listless because the goals set before them - for example, university admission - are beyond their capabilities or are at variance with their own real ambitions, or those of their parents.

"Thus, for those who accept the principle of choice in education, it is easy to see why there exists, and needs to exist, a body of independent establishments for young people in their late teens, offering a wide range of options and sharply distinguished from both the maintained systems and the independent schools."

The answer, of course, is an independent further education institution, or "crammer" if that's what you want to call it. My experience of these establishments was a visit to Collingham, where I must say that I found the atmosphere pleasant, studious and discreet. Discreet is the right word, too.

Mrs Green doesn't even whisper the names of the MPs and pop stars whose offspring are enjoying the delights of the Collingham regime. "We have had one prince - not a British prince, but almost British" - whatever that means. Then there was the son of a French film producer who wasn't coping too brilliantly with academic matters, and was syphoned off into a drama school, to everybody's satisfaction.

The point made by the schools is that independent further education is not a story of misfits. It does include boys and girls in the 14-20 age group who find the disciplines and pressures of a public or other independent school, or even a state school, too tough for comfort. Collingham is awaiting the arrival of a boy from a famous south-eastern public school who was doing pretty well scholastically, but who at 18 sought the extra-curricular joys of the local pub on Saturday nights, strictly against school rules. At Collingham, the Earls Court pubs are a favourite and permitted oasis for the older students. Problems are few - Mrs Green even tells of a complaint from a local publican that he is not making much money out of all those Perrier waters and Cokes.

Wandering around the school - a honeycomb of little rooms on several floors like all those old West London houses - you see a lot of dedicated young people, widely ranged ethnically, getting down seriously to work on A Level and GCSE subjects. You'll find a young West Indian who wants to be a doctor and is specialising in science, a quiet Iranian girl mugging up history - you may even find a mother who wants to get into university as a mature student and whose children were also Collingham products.

Principal James Roche pursues an adventurous policy. An A-Level English class studies World War One poetry with that excellent anthology, Up the Line to Death, encouraged to think about war as well as poetry. Economics and business studies groups pursue practical problems, which is why they attract people like the boy who joined a financial group without his A-levels and found that serious promotion prospects depended on them. So he came back to cram.

The whys and wherefores about choosing an independent further education college must set a dilemma for many parents. Is a second chance for a child who has already had lots of money lavished on his education too much of a good thing? It is certainly not cheap. Fees at Collingham are round about £1,725 per subject per year for an A Level course, with lower fees for lesser demands. There is £19.20 an hour charge for private tuition. Collingham's tutors are all fee-earning and not staff and constant consultation with students is said to assure that the good tutors prosper and any bad ones do not.

Education consultants Gabbitas, Truman and Thring (GTT) has just published its Mori poll on independent education and found that more than 51 per cent of parents interviewed believe that it is a good idea for children to move to a new school or college at the age of 16. Only 36 per cent believe it is a bad idea.

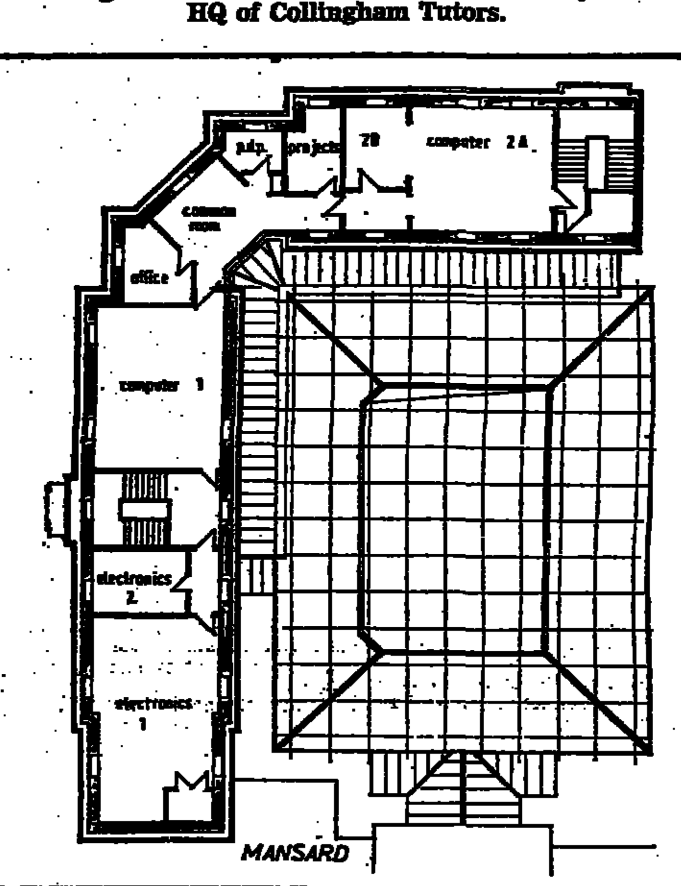
The Mori report says: "The main advantages which parents perceive in moving at 16 are that children can experience a more mature environment. . .and have a greater choice of subjects to study." But bearing in mind the expense and the uprooting of traditional education ideas, the Gabbitas, Thring guide quoted earlier in this article is a must. It covers more than 80 colleges all over the country, day and residential, setting out fees and functions. Although Richard Jackson, a school principal, points out in an article in the guide, "The public school tradition is essentially a boarding tradition," and mentions Tom Brown, Billy Bunter and Angela Brazil, he adds that tutorial colleges are largely day establishments. "Fewer than 11 per cent listed in this guide are fully residential."

There is of course, a whole range of colleges which take students at around the age of 14 - Collingham is one of them. The GTS guide divides schools into sections, moving from colleges offering A and O levels and GCSEs to secretarial colleges, from the famous Lucie Clayton college, not far from London's Knightsbridge, to what sounds like a girl's paradise in Jersey at the Tutorial College of Speedwriting and Office Administration (from shorthand to word-processing and English) with fees around £495 a term for tuition plus an extra £500 for "pleasant accommodation" with local families overlooking St. Aubyn's Bay.

Listed too are establishments such as the Top to Toe College of Beauty Therapy at Haslemere, Surrey and the Tante Marie School of Cookery at Woking (£1,500 to £1,900 a term for tuition "for those who wish to cook well for social occasions" plus £50 a week boarding with local families). Art and dance schools are covered and a special section covers "Secretarial Education in a Computer Age."

Alan Forrest

Waiting for wisdom ... the start of a new day at the HQ of Collingham Tutors.



High-tech future

SEVENOAKS SCHOOL in Kent is already famous for its ambitious experiments in new technology, and these drawings show something of the progress in building its new science, electronics and computing centre, expected to be ready soon.

The idea, enthusiastically pursued by headmaster Richard Barker, will put these vital modern disciplines all under one roof. It is also eagerly awaited by the many boys and girls who already spend hours of spare time in all parts of the school area working with and even building their own computers.

The illustration shows one picture of how part of the building will look on completion and the section where a Mansard roof which has been built on the old science laboratories to house the computing and electronics departments. The Mansard is due to be finished next month.

The main new SEC complex is a two-storey building flanked by the old labs. But the new plans will include chemistry and physics labs, a prep room and a 50-seat demonstration-lecture theatre. Between the two new buildings runs a corridor with a first floor balcony which connects the science centre to the all-important dining room block.

Calls for help

CHOOSING AN independent school becomes more important as the polls record more and more parents opting for them and the pleasures they are willing to sacrifice to make possible the glittering prizes they believe are at the end of the trail.

The Independent Schools Information Service (ISIS) sums it up in one of their recent guides, an oft-quoted passage, but one that takes on more and more relevance as the years go by. "Whether we approve it or not, a child's success in life will be greatly helped by academic qualifications. Three out of four children at independent senior schools leave with five or more O Levels. More than 50 per cent leave with two or more A Levels and almost 65 per cent with one or more."

Perhaps it isn't any wonder that many parents have stopped foreign holidays and hang on to an old car in order to take the whole independent road. Newest customers for the independents are those who haven't any experience, have money, but know little about public schools.

They need help. John Morrell, managing director of leading education consultants Gabbitas, Truman Thring, says: "It would be easy to say just 'Come to us' but there's rather more to it than that." His advice seems to involve a lot of school visits and not just superficial visits - look at the head, the administration, and, of course, the cookery. Think carefully about fees realistically and then, of course, says Orrell, "still come to us." Research has shown that the parental search is no longer, if ever it was, simply a pursuit of academic success.

There are many families who have a boy or a girl who is not perhaps cut out for the conventional sausage machine of academic success – for that is what it still can be in a lot of excellent independent schools. The child may be specially talented in something like music or drama. Where do you send the child then? There are things to watch. As people in the education busineass point out, it is easy for fond parents to confuse mere talent with genius.

There are schools that take the immensely qualified youngster in a particular art - you wouldn't get into the Yehudi Menuhin School in Surrey unless you were a pretty fair fiddler, nor the Wells Cathedral School in Somerset unless uou were pretty bright as well as musical.

Young people passionately devoted to science and technology and who may already be able to wrap a computer round their left wrist could find a spiritual home at Sevenoaks in Kent, or at Harrow and Glenalmond in in Scotland. Embryo sporting stars may like to look at Millfield, with its athletics scholarships - a school that produced Mary Rand can't be all bad.

But academic qualifications are a good idea, and it might be another good idea for some parents to keep the normal school curriculum ticking over until about the age of 16. Then, if those extra talents still rear their ugly heads, take a look at the guide to further education, reviewed elsewhere in this survey.

For extra guidance I add a selection of useful addresses for parents looking for something extra:

The ISIS guide to choosing a school lists a selection of "schools with different philosophies or "alternative or progressive schools." In the co-ed section they include Gordonstoun and Millfield. A useful contact would be the head office of the Independent Schools Information Service (ISIS),at 6, Buckingham Gate, London SW1E 6AG.

Choir Schools: This section lists 32 schools offering special facilities for music and singing including the famous Wells Cathedral School. For further information, contact Mr P. Hannigan, Secretary of the Choir Scools Association, and headmaster of Westminster Cathedral Choir School, Ambrosden Avenue, London SW1P 1QM (Tel 01 834 9247).

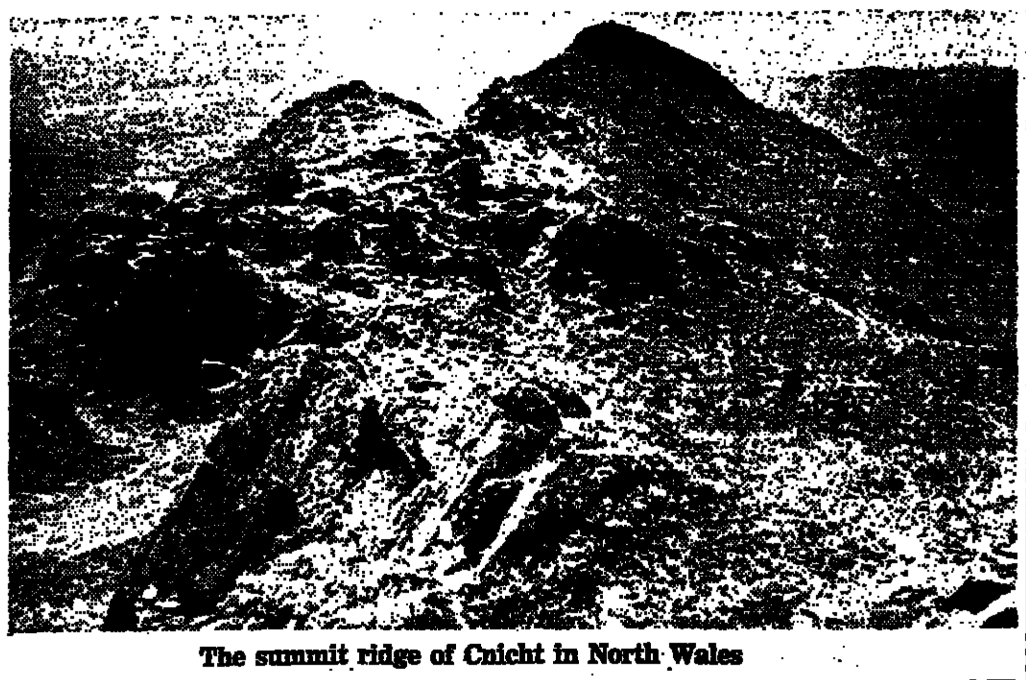
The four great "specialist music schools," Cheetham's at Manchester, the Purcell School, Harrow, Wells, Somerset and the Yehudi Menuhin at Cobham, Surrey are listed. All are included in the Assisted Places Scheme as centres of musical excellence.

The Girls' Public Day School Trust, featured elsewhere in this survey, welcomes girls wanting more advanced science and technology training. Further information about the 24 schools under its umbrella can be obtained from the trust's head office at 26, Queen Anne's Gate, London SWLH 9AN (Tel 01 222 9695). Inquiries about any kind of independent school can be made at Gabbitas, Truman and Thring, Broughton House, 6, 7 and 8, Sackville Street, Piccadilly, London W1X 2BR (Tel 01-734-0161 or 01-439-2071.

Alan Forrest

Secret Places

A good Cnicht story



The summit ridge of Cnicht in North Wales

IT WAS 22 years ago that we first took our children on a walk. Danny, then all of one year old, spent most of it asleep in a baby-carrier on my back, his head lolling to one side so that I was permanently off balance. His younger brother Seth was even less aware of his surroundings. It was four months before he was born and my wife had even greater difficulty than I in maintaining her equilibrium.

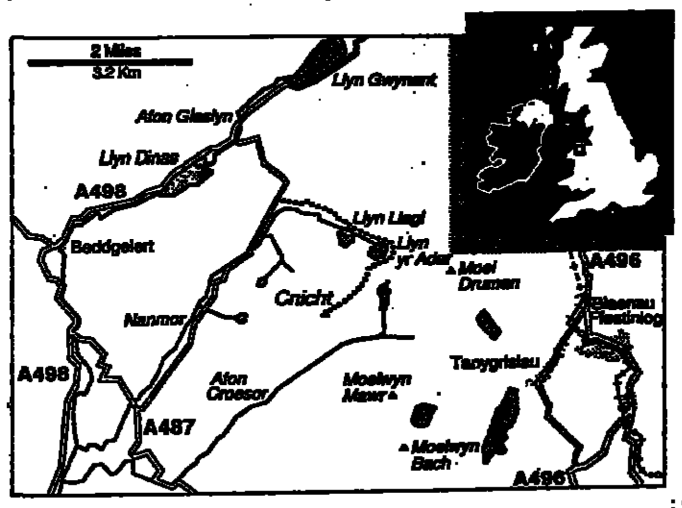
Our walk lay along Glen Dessarry, a romantically desolate glen at the far end of Loch Arkaig in the Central Highlands west of the Great Glen. Our ambitions were limited in those days, and after reaching the top of a gentle crest two miles or so from our start we headed back.

When our sons no longer insisted on being carried everywhere, we felt that we had to devise a policy towards the activity we enjoyed so much. Was it right to take our sons walking with us, so that they were unquestioningly inculcated with our way of life? Or was there some way we could introduce them to the sport while preserving their freedom of choice?

In the end we baptised them gently, taking them on occasional short walks and waiting to see if they asked for more. I still wondered if I was doing the right thing when I led them up their first mountain, a gentle mound in County Cork less than 1,000 feet high. It rained for most of the way, and their view of the proceedings appeared to be captured in my summit photograph that showed them sitting, wet and bewildered, on a small pile of rocks.

Now they are young men I have posed Danny and Seth the question that preoccupied me so much: did they – do they – feel they were brainwashed into climbing mountains? They admit that it is hard for them to tell, but add that since hill-walking brings them immense pleasure, they don't really mind either way.

I have posed another question: which of their early walks do they especially remember? As one, they answer: "Cnicht." Cnicht sounds like a joke. How can any self-regarding mountain have so unprepossessing a name? The word in fact points to a noble provenance, for it means "knight." We climbed Cnicht when Danny was 10 and Seth eight. We chose it for some of the reasons which have given its relative obscurity, and therefore also qualify it as a true "secret place." Cnicht lies close to the heart of Snowdonia, where it is overshadowed – in both senses – by the region's 3,000-foot peaks: Tryfan, the Glyders and the Carnedds, and Snowdon itself.



At 2,265 ft it is far lower than its illustrious neighbours. But it displays many of the characteristics of a full-scale mountain, with a tumbling waterfall, plunging cliffs, swooping ridge and a satisfyingly crisp summit. Like the best of the secret places, it also has a marvellous surprise. And – as befits this series – our first attempt ended in failure, so we were honour-bound to return.

Our first bid began at the back door of the cottage where we were staying in North Wales. The map showed that by following the river that flowed past the kitchen window we would be led to the foot of Cnicht's southwest ridge. But it had been raining for most of the previous week, and our attempt petered out in sodden undergrowth.

Two days later we tried again, this time from the other end of Cnicht, a far more picturesque approach. There is also a path. It begins in the sequestered Nanmor valley, an area of working hillfarms, and leads over rough pasturage to a farmhouse. From there it winds beside a tumbling stream which proves to emanate from a circle of water, Llyn Llagi. It is a sombre, almost threatening place, with the water glinting black from the reflected granite walls around it.

The way ahead beckons all too clearly: it ascends the only break in the granite crags, marked by a cascading river that has carved a path from fully 600 ft above. It is less daunting than it appears and it is possible to chose your own route. When we came over the crest of the cliffs we found that the river was the outflow of a second lake, Llyn yr Adar, which filled the hollow of an unexpectedly broad plateau. Beyond was the ridge leading to Cnicht's summit. As we approached there came the incident which helped cement the day in our minds, Danny's most of all. Across the track lay a brilliant patch of green which Danny took to be terra firma. It turned out to be a most infirm bog, and Danny was swallowed up to his waist. As we hauled him out he burst into tears, caused not by discomfort but our tactless laughter.

It was a sunny day and Danny dried out with the exertion of climbing the steep ridge ahead. Like all the best mountains, Cnicht had a false summit to lure you into thinking that your task is done. We overcame it only to see the true summit ahead, a stony pyramid worthy of a far higher peak and conveying a due sense of triumph as we breached its final defences.

Now came our reward. We had climbed for the most part with Snowdon at our backs, but now that we had time to look around we saw the entire massif ranged before us, save only for its summit which was capped by a ceiling of black cloud. To the south west, beyond a plunging cwm at our feet, lay Tremadoc Bay, astonishingly blue; to the south and east, a sea of lesser peaks.

None of these is a secret. But our vantage point made Cnicht one of the best secret places, which has lodged in the memories of Danny and Seth, as well as our own.

Peter Gillman

Gardening

Tear a strip off the lawn

WE ARE told endlessly how to lay lawns: but what about those who want to take them up? I would like to use this subject as a cue for a cautionary tale: it pays to think very carefully before you fall into false economies.

My latest bout of lawn-stripping has just finished, having exhausted several backs, spoiled a good pair of boots and left me stooping on most Monday mornings since mid-November. The point of turf-lifting is to make new flower beds and turn a non-gardener's lawn into a garden. I detest the job every time I do it and I think it has been made worse by knowing too much about the examples of others.

Historically, the most admired leaders have been the people prepared to share the dirtiest jobs with the men to whom they parcelled them out. A sense of history makes any garden-employer feel guilty. I treat turf-stripping as if it was a dangerous mountain attack, where others should not be asked to do what you do not wish to do yourself.

Of my various helpers, one left to go camping and hitch-hiking in Spain during mid-winter, saying that it would help him to recover. Another confessed charmingly that he was "just about worn out." The third, more lethally, proposed an alternative which has left me wondering whether the whole operation has not been superfluous masochism, saving about £20 after four months' dedicated effort.

Needing a scapegoat, I defend my methods by blaming the gardening dictionaries. Ever since the 1950s, they have been showing us all how to cut turf. You need one of those turfing-irons with a curving swan neck, some boards and a spirit level; heavy boots and a wheelbarrow. The turfing-iron is supposed to slice neatly under the lawn, roll back a grassy green caterpillar of living turf and leave you to cart it away to be levelled and dusted with compost where you want a new lawn instead.

Perhaps there was an art to the turfing iron which I never quite mastered. It has always been easier for me to use a spade, applied almost horizontally by squatting down near ground-level and pushing as hard as I can along its length. It is a vile job, and although some of the gardening books show a pair of feet in boots to encourage you, I think they are now on the wrong tack.

They are showing us all how to garden: they are not showing the bigger operator how to save time and effort. If you want to lift turf, the books assume that you will not be crazy enough to lift very much, and show you a picture of a few square yards. They never do sums or calculate time and labour. Their idea of machines are small garden machines, as if nobody could hire serious weaponry. They are DIY guides when the one thing the bigger operator will do is his back, not his flower-bed.

Brainwashed by the old books, I have spent weeks taking out a large turf-transfer. Large squares of grass needed to be cut out to make new flower beds. To save money, as I thought, the same grass must then be hauled to make a possible run-back on the edge of my hypothetical tennis-court. The areas totalled about 100 sq yds, quite apart from the ruts left by last year's exercise in pool-building, some of which have flooded in the wet winter.

Unless you are a genius with an Edwardian turfing-iron, I defy you to cut each strip of turf to the same thickness and length. You are bound to break some of it, whereupon I defy you to lay it absolutely flat when you are dealing with irregular strips of uneven thickness. Time, labour and money (as my final helper observed at the end of the job) have slipped away.

Having finished, I realised that it is almost cheaper to buy turf which has been cut by machines so that it will unroll evenly like a carpet. I know why I never thought of this tactic. I keep a mental turf-index which is my private check on absurd official rates of inflation. In 1974, turf sold in the local newspapers at 12p a square yard; the same turf is now selling at £1.20. The supply of grass has not shrunk seriously, but the Turf-Index has almost matched house prices and made a total nonsense of official price-rises. The two things which any sane Englishman wants are a house and a lawn. Since 1970 buyers of both have been hideously impoverished.

Outside turf, anyway, would probably be riddled with beastly plantains. On inspection, I have to admit that my own turf is not exactly weed-free, but I expect I will like its daisies in spring. The attempt to economise has not brought higher quality. If you are planning the same business, a wiser method would be to dig the existing turf deep down into the lower spit of each new flowerbed, leaving it to enrich the soil as it rotted.

That course was not open to me, because my new flowerbeds stand on a thick layer of shale, about four inches below the surface. However, they could have been rotovated, using a machine of five horsepower or more to cut up the grass – a quick rake and the flowerbeds could have been made in a morning. Contrary to the books and normal economies, it would then have been cheaper to buy pre-rolled turf.

Being machine-cut, turf is nowadays much more level. Grass farmers have been horribly quick to see the possibilities. They can sell off their grass meadows along with their milk quotas and go over to yet more fields of inedible grain. You now see big turf-machines stripping old pastures of their best grasses, a sight which up till now has turned my country-loving stomach. I now see that the machines cut each strip much more evenly than you, I and the gardening dictionary. Elsewhere, the result can be a wonderfully convenient lawn.

I mention this episode as a cautionary tale, because I so often find myself plunging into traditional methods which could be done more easily by less "horticultural" means. Sometimes, we gardeners embark on a huge, traditional undertaking, only to find at the end that it could have been done more cheaply by buying in stock, hiring machinery and not by doing every single job from home resources.

Robin Lane-Fox

Mulch ado about nothing

A COVERING on the surface of soil can alter the growth of plants profoundly. Mulch is the name for such a covering and mulching is the act of putting it in place. Mulches can be of many different materials, from natural products such as manure and peat to manufactured materials such as plastics and paper.

Each will have its own advantages and drawbacks, best understood if one has a clear idea of what mulches can do.

A loose mulch of manure, spread several inches deep, will feed the soil with essential chemicals, give it extra humus and so improve its texture and stimulate healthy bacterial activity. It will also reduce loss of water by surface evaporation, retain soil warmth, smother small weeds and hinder seed germination. It does not hinder rain soaking into the soil because it is porous and so it can be applied at almost any time of the year.

At the other extreme are plastic films and mats which add no useful plant food to the soil nor any humus and, unless perforated or made of plastic fibre, are likely to be impervious to water. It is this close coverage of the soil which makes them extra efficient in suppressing weeds. They are best used when the soil is well supplied with water for if it is already dry they can actually make matters worse by encouraging heavy rain to run off the surface.

In recent years transparent plastic film has been much used in winter and early spring to cover some market crops which are a little tender or which fetch a much better price if they can be harvested a few weeks ahead of those from open ground. Such coverings serve the purpose of a mulch to begin with and then become a kind of flexible cloche which is pushed upwards by the crop which it protects.

To be fully effective the sheets must be both broad and perforated so that rain can trickle through. By contrast black polythene film, used primarily to smother weeds, can be in narrow strips suitable for laying between rows. It need not then be perforated since the rain will run in at the edges.

A recent development of this kind is a very thin and light artificial fibre fleece named Acryl P17. This is intended for use as a combined mulch and plant protection and needs no perforation since it is permeable to water. It feels flimsy but is astonishingly tough and light. It is distributed in Britain by Hydrocutt Limited, Burkets Lane, Sudbury, Suffolk.

Much thicker and more durable plastic mats have been developed, slit to the centre so that they can be slipped around plants. These were first used for strawberry protection but are now applied in many other ways.

Between these two extremes of rapidly decomposing manure and slow degradable plastics there is an increasing choice of mulching materials each with its own advantages and drawbacks. Peat is one of the most popular because it is light, clean, easy to use, readily available and attractive in appearance. It does not enrich the soil but it does add humus and stimulate bacteria, especially if backed up with a nitrogenous fertilser. The ground that is regularly spread with peat soon becomes very easy to hoe and weed because it is so crumbly on the surface. Old mushroom compost has much the same effect but usually contains considerable quantities of chalk which can be an advantage or drawback according to how the plants being grown react to lime.

The waste material challenging for first place as a mulch around ornamental plants is pulverised bark. For generations this was considered undesirable because it encouraged the growth of toadstools and lowered soil fertility. However, toadstools are now recognised as harmless to plants and the fertility problem can be rectified with fertiliser.

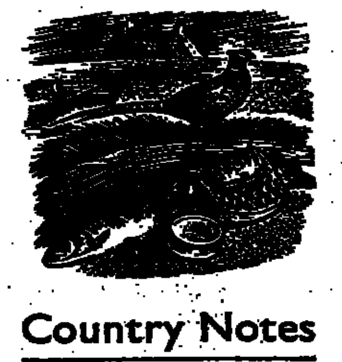
The twin merits of bark are that it is first class at suppressing seedlings, lasts for years and decomposes slowly. It is now readily available in bags at most garden centres, which is fine for owners of small gardens but too costly for those with acres to control. In some places it is easy to purchase loose bark by the lorry-load. But lack of supply is why I still rely mainly on mushroom compost.

Paper makes an excellent weed-smothering, moisture-retaining mulch and is usually available from home waste. Unfortunately, it is unsightly, apt to blow about when dry and makes such a solid layer that it is almost impossible to hoe or even hand weed.

I have beside me a roll of hortopaper made by Swedish papermakers Orebo Pappersbruk and distributed in Britain by Hydrocutt. It looks like heavyweight brown paper and is described as a peat paper. It can be cut with scissors and the colour is so like that of soil that it is not at all conspicuous in the garden. Each roll is eight metres long and 0.8 metres wide and costs about £5. I gather there are, as yet, two stockists in Britain. A little good publicity should rectify that.

Arthur Hellyer

Life with a feline barometer



Country Notes

OUR CAT is behaving very badly at the moment. If I did not know her better I would say it verged on the bizarre. She is rushing about the house, over the chairs and under sideboards and chests with her tail stuck into the air like a ship's mast. The reason for this poor behaviour is clear: it is going to snow and Pushkin is one of the best barometers in the county.

Until Pushkin appeared on the scene I had not cared for cats. They are curious animals and I often wonder why they arouse such strong feelings; they seem to polarise opinions much more than dogs – and that is saying something for a nation of dog lovers. One of the few regrets I have in my life is that I did not become familiar with cats until the winter of 1981, during which, you will remember, there was a fair fall of snow. Pushkin knows something of snow.

During the summer of 1981 one of the village cats gave birth to a litter under a hedge at the end of our lane. For a long time we heard their mewings, saw the mother move in and out as she foraged for food, and occasionally saw the kittens playing in the sun.

They never moved far from their safe haven. It was safe because the hedge is a hawthorn, well maintained and thick from the bottom up. Within a month or two we thought their numbers had reduced but we still could not get to the survivors.

Then the kittens suffered a major set back – the mother was killed by a passing car. By November we were feeding one kitten and were very nearly able to tempt it out while we were there – it was feral in the extreme.

However, by mid-December and only because it was getting very weak, my wife at last managed to get it into a box with a pram net over it. Safe. Now for the tricky part: how do you tame a wild cat? Mrs Ellerby, who knows about these things, advised a good buttering of the paws before shutting the kitten in the old privvies. It worked. The cat now brought in from the beginning of an arctic winter was called Pushkin, a noble name for such a ragamuffin, you might think. But this cat is a real survivor, has great character and a lot of courage. I am beginning to have a very high opinion of this race of animals.

After a year or so of semi-wild existence with a great deal of catching, scratching and spitting, we managed to find a way of living together in mutual respect. Pushkin then became pregnant and apart from the obvious increase in her size her demeanour took on a more friendly approach. Double rations built her up for the great event, which took place in a hollow elm tree at the top of the drive.

Thinking that she would prefer the safety of the privvies my wife and I carefully carried the litter to a well made nursery. It was a lovely hot summer's day and we did not hurry the the work. Pushkin followed us patiently up and down the drive without showing any concern. However, when we had taken the last one to the new nest and settled them in, she solemnly picked them up one by one and gently took them back to the tree. So be it.

In late summer she came in one morning for her milk in a very battered state. The left side of her head was badly swollen and she had lost the sight in her left eye. It was not something that even our vets could mend. From the marks on her we deduced that she had been in battle with an owl while protecting the kittens.

Apart from the loss of her eye, she recovered with no lasting effects. What I find interesting is that her monoculus vision does not seem to have any effect on her hunting skills. I have watched her for long periods of time while she hunts and all I note is a slight inclination of the head at the moment of pounce. Pushkin has a sense of debt. Every morning at dawn she sits under the bedroom window making especially loud noises to announce the gift of a selection of headless voles, mice and baby rabbits. There are no rats and yet we are infested with them at the moment; perhaps this is where her impaired vision tells.

Pushkin has become very much a respected member of the family. She lives in great harmony with our golden retriever but treats the sheep dog with circumspection, and that seems to me to be wise. Even as I write, the first flurries of snow are falling – I wonder if the Met Office would like to borrow Pushkin?

Bobby Robson

DIVERSIONS

Saleroom

Masters by other names

NEXT MONTH, Clovis Whitfield opens his own London gallery to the public for the sale of Old Masters. The Walpole Gallery in Dover Street is awesomely grand: it once housed the Sandringham Club for Ladies, and the Queen's *hairdresser*. Now, *it will* be home to some very pukka paintings.

Along with a £1m Canaletto, and 17th century masterpieces which make up the first exhibition, "Treasures of Italian Art," there is a lively work by Vasari, which will not give change from £500,000. It shows men fishing and is decorative enough to appeal to the growing band of would-be art buyers who find the best Impressionists too expensive and the more conventional Old Masters too unworldly in theme. Sotheby's Old Master department will recognise the painting but not the attribution. It sold it last July, for £247,500, as a work by Zuccaro.

There has been a spate of "sleepers" in the past two years, paintings attributed wrongly by *the auction houses and* then revealed by the more percipient dealers to be something wonderful. The most celebrated case involved a portrait of Pope Clement VII by Sebastiano del Piombo which was catalogued as a 19th century copy by Sotheby's Chester and sold six months later at Christie's for £418,000. It had been unearthed by a "runner," one of those art market fixers who might not know what is what but knows enough to realise what it is not.

In the same week in January, "The Holy Family with St Lucy," turned down as worthless by Sotheby's last summer, was sold at Phillips for £847,000 as a well authenticated Annibale Carracci. But here Phillips was fortunate. It had also miscatalogued the painting until a museum director put it right.

Antony Thorncroft finds there are areas of the art world where a little knowledge can be a very good thing indeed

These are not isolated examples. A Dutch 17th century scene sold to a runner at a local auction in Scotland recently for £200. The runner took it to Sotheby's which rejected it as unsaleable, so it was quickly offloaded – for £1,000. The next owner tried the painting on Phillips, which recognised it as a work by Aert van der Neer and put a £10,000 estimate on it. It was bought by London dealer Johnny van Haeften for £107,000 and is now for sale at almost twice that sum.

Derek Johns, who headed Sotheby's Old Master department before he set up as a dealer, has a long list of discoveries. Last month at Christie's South Kensington, he bought for £6,000 a battered old canvas catalogued as by the German early 18th century artist Thiele. He recognised it as a work by the north Italian artist Foschi and now has a *spanking clean canvas on offer* at the Maastricht Fair this month for £35,000.

Among his other finds were yet another Annibale Carracci, unrecognised by Bonhams and subsequently sold for £275,000, and, very recently, a Murillo bought at Sotheby's in Amsterdam, which had catalogued it "School of Murillo" even though it was listed in the *catalogue raisonnee* on the Spanish artist and had a Rijksmuseum label on its back.

Johns reckons to pick up something worthwhile every two months. In most cases, it is a matter of re-allocating a painting from one unknown Old Master to another slightly better known. There are relatively few masterpieces which are wrongly attributed. Sometimes the salerooms err the other way, consigning a doubtful canvas to a distinguished Old Master. The situation has probably worsened in the past couple of years. There has been an exodus of specialists from the salerooms to the potentially more lucrative, and certainly less frenzied, field of dealing.

It is easy to see why wrong attributions happen. The salerooms are very competitive. Their top people are constantly crossing the world on the hunt for good collections. Those left behind to look after the shop have less experience.

Things are not so bad as they were 30 years ago when the department head might assign a painting after a five-second glance and when, *to liven things* up, the junior staff invented artists for anonymous works (A. Bastard was a favourite).

However, as academic knowledge grows, and the universities turn out hundreds of art history specialists annually, each with their own obscure interest, the understaffed Old Master departments at the main auction houses cannot hope to compete with the dealers' and scholars' expertise on every picture with which they are entrusted.

A mania for flowers

Collecting

Janet Marsh recalls an era when artful women had their way in a man's world

EVEN IN an age when women were kept blissfully uncorrupted by formal education or professional accomplishment, there was one territory where a few enterprising females competed successfully with men and sometimes surpassed them. This was the delicate art of flower painting.

The earliest professional woman flower painter appeared in Holland as early as the 17th century. In 1680, when she was 33, Maria Sibylla Merian published her first flower book – a collection of prints of garden plants, hand-coloured by the artist and her daughter.

England's earliest significant flower artist, Mrs Elizabeth Blackwell, undertook the 500 coloured plates of her book, *A Curious Herbal* (1739), with the noble aim of extricating her husband, Alexander, from debtors' prison. (She succeeded although, as it turned out, he would have been better left in his cell, for he became involved in a conspiracy against the Swedish crown and was tortured and beheaded.)

These were lone pioneers. By the end of the 18th century, reading, writing, music and drawing were considered desirable – even essential – accomplishments for well-bred ladies. Flower painting became a mania. The best families hired drawing masters along with music masters for their daughters: Edward Lear taught Queen Victoria, and the great Redouté's pupils included the daughters of the Duc d'Orleans. Those who could not afford drawing masters bought the do-it-yourself manuals which appeared in profusion throughout the century – themselves very collectible items today.

Some of these lady painters turned professional and contributed to the many botanical magazines and luxury plate books of the early 19th century. Mary Lawrence [illegible] drawing was botanically incorrect and not admired.

Clara Maria Pope, the wife of Francis Wheatley who created *The Cries of London*, had a singular sense of spectacle, seen at its best in her ebullient, even theatrical, *Monograph on the Genus Camellia* (1819). Many other able botanical artists, such as Mrs Edward Bury and Miss Drake of Turnham Green, have left little biographical record.

Christie's sale of botanical drawings and watercolours on Tuesday features a number of these lady flower painters. The earliest artists represented are the sisters Charlotte and Juliana Strickland, who were working in the first years of the century.

Some striking and spirited portraits of the orchids in the collection of the Reverend John Clowes are by a certain Mrs R. Powell, of whom nothing is known except that she worked around Manchester. The work is, nevertheless, attractive enough to be estimated up to £1,800 for a single drawing.

Two watercolours by Mrs Augusta Innes Withers are estimated at £3,000-4,000 each. Mrs Withers, of Grove Terrace, Lisson Grove, north London, was Flower-Painter-in-Ordinary in turn to Queen Adelaide and to Queen Victoria.

One of the most appealing lady amateurs was Charlotte Viscountess Canning, a lady-in-waiting and close confidante of Queen Victoria. When her husband was appointed first Viceroy of India in 1856, Lady Canning accompanied him there and was fascinated instantly by the landscape and flora.

An orchid portrait by the 'unknown' Mrs Powell of Manchester.

She painted indefatigably, regardless of such incidental catastrophes as the Indian Mutiny, the cook's death from cholera, and the soufflés which collapsed on their 150-yard journey from the kitchen.

The sale includes 14 of her Indian flower paintings, one of the earliest of which (sold with two other drawings as lot 111) seems to mark the start of the enterprise. It is dated February 4, 1857. Poor Charlotte's artistic career was cut short when she died of a fever in 1861 at the age of 44.

Red-faced in Rajasthan

DESPATCHES • Mandawa •

HAVING YOUR face daubed with masses of red paint powder isn't everyone's idea of fun, especially if, for some reason or other, you can't escape and can respond only in the most gentle and decorous manner. But maybe, I thought last weekend when I was deep in the Indian Rajasthan desert, it's all right if some of the people touch your feet first.

That is one way of starting to explain that one of the least discovered and most exciting and impressive hotels in the whole of India is Mandawa Castle. It is in a desert town surrounded by sand dunes about five hours' drive south-west of Delhi in the Shekhavati area of Rajasthan, an area which also bred most of the country's top industrial families like the Birlas, Goenkas and Singhanias.

They belong to the famous, tough Marwari traders' caste whose crumbling old houses, called *havelis*, are painted externally and internally with brilliant wall murals and are becoming something of a tourist attraction.

The former royal families of maharajahs and lesser nobility, who used to rule large parts of India, still seem to have a lot of pull and respect, especially in rural areas, 35 years after they lost their kingdoms. That is quite surprising in a country which prides itself, in a socialist-republicanish sort of way, on its independence from old rulers.

Mandawa Castle was built in 1755, saw its last bloody battle in 1825 (there's a gun in the courtyard to prove it), and is owned and run partly as a hotel by members of the Thakur family, which used to rule the local kingdom. We were there for *Holi*, the annual Hindu spring harvest festival of friendship and colour when people all over India sing, dance, and throw coloured paint, dye and powder at each other.

In some areas a minority knock themselves sideways with drink and drugs, attack visitors, stone cars, molest women, and get beaten by police and arrested.

But in Mandawa, a Mahatma Gandhi-type figure called Laxmi Dharji Shukla persuaded the locals 40 years ago that *Holi* should be peaceful, that there should be no violence and no staining wet dye, just dry powder. That tradition continues, as last weekend's festivities showed.

The night before the festival, a sacred bonfire was lit inside the castle gates, the first sign of the special role in the community that the castle and its family still play. People brought dung cakes to burn, danced around the fire chanting, and then carried away lighted sticks to make fires in their homes.

The men, some dressed as women and in other disguises, started a night of dancing under a full moon to a single deep drum beat, watched at a respectful distance by their women in bright red, yellow and gold long dresses and veils. The next morning the men, who belong mostly to Rajasthan's proud Rajput and Jat warrior and land-owning castes, formed processions, meandering slowly and noisily through the hot and sandy narrow streets of the town. They covered each other and passers-by with coloured powder and eventually finished back at the castle.

There were more than 2,000 of them and they danced their way into the castle courtyard, performed sword and other dances, and climbed onto a platform to cover the faces of three brothers of the old ruling family with red paint powder. Some touched the brothers' feet in respect, and were powdered and warmly embraced in return.

There are several famous palace hotels in Rajasthan, the best known being the Taj Group's palaces in the pink city of Jaipur and at Udaipur. These are rather chic and crowded and some new, smaller ones, being run by old Rajasthan families, are more interesting historically. One of the best is a cream-painted, tall, 175-year old palace of a former Jaipur prime minister at Samode, hidden secretly at the end of a valley in a walled desert village.

Bhanwar Kesri Singh – like the Sikhs, the Rajputs add the warrior title Singh to their names – is in his 40s and runs Mandawa Castle. His grandfather is the present Thakur. This is one of the hereditary titles given to area tribal chieftains who spent decades – if not centuries – fighting each other and India's Muslim Moghul invaders and rulers.

Shekhavati was a key area because it was on the silk and other trade routes from the Middle East to China and between the Indian Gujarat coast and Delhi. That is why the local Marwari business caste thrived here until the trade went away and they moved eastwards to Calcutta, where they are now busy buying up old, run-down British companies.

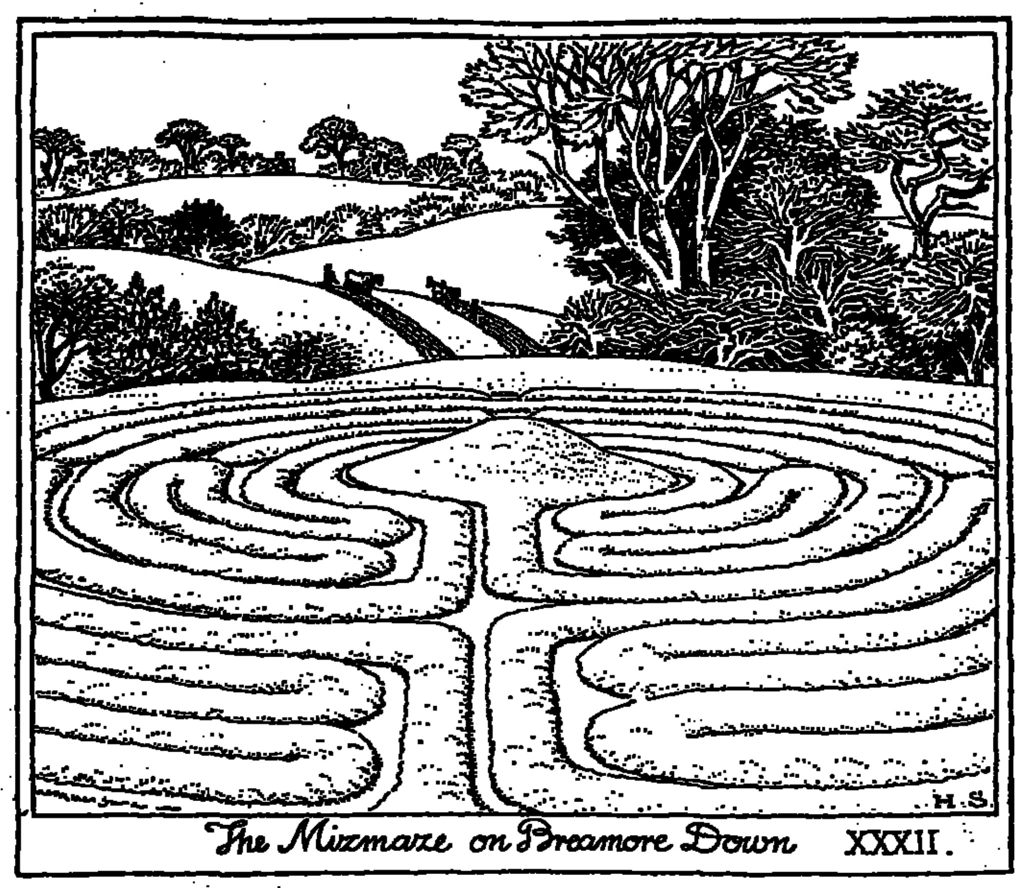
A final thought on that respect for the family. Don't forget that most of these people, especially the Hindus, believe in reincarnation. I often tell Sharma, my occasional driver who spends most of his life in his battered Delhi taxi, that it's OK for him playing chicken with the oncoming lorries as he hares in my car along the Rajasthan roads. Like a good Brahmin, he believes he'll come back again if he crashes – but as a devout heathen, I don't.

Perhaps some of those men in Mandawa hope secretly that next time round they will be a Thakur, up there in the castle. For anyone else, I recommend a holiday there in this life. Don't worry about stories about India's drought. Water is plentiful at the castle. Telephone Mandawa 24 – you won't get through; no one ever does – which is partly why it's such a good retreat.

John Elliott

England's mysterious mazes

MAZE hunting is good sport. I do not mean the hedge mazes at Hampton Court in south-west *London or Glendurgan in Cornwall*, enjoyable though they are, but the mazes that are low earth banks. With them, you always see where you are going, yet they are quite mysterious.



The Mizmaze on Breamore Down XXXII.

They are now a rare relic of old England; only eight are left. We do not know how they were used, nor how old they are, but it is fun to speculate.

These turf mazes are usually circular on the outside. Inside, the banks, barely 6in high, double to and fro to lead you a long journey to the centre. The maze at Wing in Leicestershire, in hunting country but by a road and between a sewage works and a recreation ground, is a good example.

Its diameter is only 40ft but walking it (or "running" or "treading," the more usual terms) is more than a furlong if you do not cheat by cutting corners. The banks are grassed; between them is gravel. A prehistoric tumulus is nearby.

In Hampshire, immediately above where the M3 motorway becomes the Winchester bypass, is another fine maze inside the Iron Age fort on St Catharine's Hill. Apparently, it is known to Wykehamists as "Labyrinth" although the citizens call it "the mizmaze," which is a regular term.

Hampshire has a second mizmaze at Breamore Down, which can be reached by a bridle path leading north-west from Upper Street village past Breamore House. (I tried another way, by car, and was stuck nearly for ever in the upland mud between the New Forest and Cranborne Chase.)

For St Catharine's Hill, leave the M3/A34 by M3 exit nine and join the A33. Then, go left at the second roundabout as for Morestead. A short way up the hill, park on waste ground on the right by a waterworks. There, you join a track going through woods round the edge of the works. Keep the fence always to your right.

The track opens onto a coomb. A deer jumped out of the bushes and ran ahead of me, stopped and turned to stare. Two hundred yards along the coomb, turn right to climb up through the pre-Roman ditch and ramparts. On the flat top, which should once have been full of Iron Age huts, is a central mound with a beech copse over the remains of St Catharine's chapel. Next to them is the grass maze, 86ft square.

Mazes must have been common in the Middle Ages, but even by the time of Shakespeare they were disappearing. Titania calls the changes in A Midsummer Night's Dream:

"The nine men's morris is fill'd up with mud,
And the quaint mazes in the wanton green
For lack of tread are undistinguishable."

Cromwell's men destroyed many of them. Like statuary and stained glass, they clearly were the work of the devil. Since then they have been dug up, or ploughed and abandoned, even in the past 100 years.

The other mazes to survive are at Hilton in Cambridgeshire (with an obelisk at the centre to say that it was laid out in 1660 by William Sparrow, aged 19, celebrating the Restoration); Brandsby in North Yorkshire; Alkborough in Humberside (called "Julian's bower"); Saffron Walden in Essex (on the common: bricks line the maze); and Somerton in Oxfordshire.

The mazes are also known as "Troys." Brandsby's is called "the city of Troy" and Somerton's is at Troy Farm. Why Troy, of all

outdoor turf mazes, but they are ence to the "game of Troy" of which Virgil writes in the Aeneid? Do they thus go back to Roman times? That seems far-fetched; it is difficult to see the mazes surviving the Saxon and Viking eras. And it could be that "Troy" does not refer to Troy at all but to something else we do not know.

The best bet is that most of the turf mazes are medieval. Many are (or were) near abbeys and churches, which might suggest they were under the umbrella of the Church. But so was almost all of life in the Middle Ages.

On the Continent there are no found indoors in medieval churches. There are floor mazes at Chartres and S. Maria in Trastevere in Rome, and one is incised on the porch pier of Lucca cathedral in Tuscany, complete with Theseus and the Minotaur that lurked in the labyrinth.

What, then, was the use of the turf mazes in England? In 1858, Archdeacon Trollope wrote that they were cut in the 11th and 12th centuries for penitent monks to undertake on their knees. It is a good piece of Victorian piety, but Merrie England is a more likely explanation. Titania's speech suggests village dances and she could not describe the mazes as she does if, 50 or 100 years before, they had been places of penance.

Even if the mazes are by churches – local landmarks – the English did not go so far as to depict them in church. By the late 18th century, people were betting at Saffron Walden on who could tread the maze correctly. Beer was the reward. Our turf mazes belong with cakes and ale.

Gerald Cadogan

As the health craze becomes big business, the fitness industry is kicking sand in the face of the deconditioned

Clubs muscle in on a programme for living

Christian Tyler finds that esoterics and metaphysical jargon are all part of the game

A GAME of squash once a week and tennis in the summer used to be the limit of a City gent's exercise. Then he took up jogging and lunchtime sessions in a gym. His wife started going to a health studio for aerobic dancing and a sauna, and fitness became fashionable.

It is a fast-moving fashion and the "leisure industry" is looking for the formula that will turn it into a way of life. Most of the ideas come from the US, wrapped in jargon that is part-scientific, part-metaphysical. The problem for British entrepreneurs is to translate those ideas into English.

In the modern London sports club, a middle-aged and overweight businessman is not described as very unfit: he is "totally deconditioned." He is offered not recreation, but "regeneration of energy sources." When he relaxes, he is practising "stress control."

The fitness business is digging deeper into our minds and our bank accounts. Some clubs are offering something beyond fitness: a "lifestyle programme." Not only is the stressful businessman weighed, measured and tested for pulse rate and blood pressure, he is also questioned about his diet and is encouraged to define his life's ambition and to set himself "life goals" before he climbs onto the exercise bicycle. He is supposed to keep a log of his activities, to learn the mental shrug when things go wrong at work and to find "tranquillity spots" during his day's routine.

It all sounds dangerously esoteric, like the so-called self-esteem movement now spreading across California, or earlier cults of the Dare To Be Great variety. But whatever you like to call it, there is plainly a demand for these kinds of regime, even among the conservative British.

One exponent of these ideas is the Riverside Club on the Thames at Chiswick, which opened last year and already has 2,500 members and a waiting list of 400. From the outside it looks like a conventional tennis club. Inside, it is plainly something else: there are indoor tennis courts and squash courts, but there is also a swimming pool, an aerobic dancehall and a gym packed like an amusement arcade with exercise machines. There is a creche and buffet restaurant.

The first customers to arrive at 6.30 am are bankers on their way to work in the City. During the day it is the turn of their wives and pre-school children, or the self-employed. In the evening the office workers are back again.

Whether they come to play against others, to wrestle with their own bodies or just to be among people like themselves, they are prepared to pay handsomely for membership. A membership bought last year for £345 is worth £900 now (the club decides current values and takes 20 per cent when membership is sold), and the annual subscription for a single person is £594 on top.

This is much more than the cost of joining a traditional private members' club like Hurlingham, a couple of miles down river, where for £327 a year you have access to 40 tennis courts and the gentler routines of croquet, bowls, bridge and afternoon tea on a site of over 40 acres.

Hurlingham started life as a club for shooting pigeons released from cages. It moved on to tennis, polo and golf as these games came into fashion in late Victorian times. Its constitution states its sole object as "to maintain a Club House and grounds for the use of members and their families and friends."

"We are a club with sporting activities. We are not a sports club," explained Mr Paul Covell, chief executive and secretary. He has visited Riverside and says he is impressed by what he has seen, but he does not regard it as a real competitor.

Yet Hurlingham, too, is having to move with the times. Later this year the committee will be seeking the members' permission to build indoor tennis courts and a covered swimming pool to generate more traffic during the winter months.

The Riverside club meanwhile is already hoping to expand on its 10-acre site. Shareholders are being invited next month to put up another £3m to double the number of tennis courts and add a second swimming pool. "Lifestyle programmes" are about to be launched.

"Private clubs want to do the same as us," said Mr Andy Holmes, Riverside's managing director. "But because they are owned by their members they have lots of little pressure groups and committees to deal with."

Both managers say that the keep-fit boom is likely to be permanent. But the modern clubs with their smaller sites and huge equipment costs are more at the mercy of fashion. For instance, the popularity of squash has peaked in Britain, as has the popularity of tennis in the US. Aerobic dancing may be over the hill everywhere.

Mr Holmes believes that Riverside can spawn another four or five sister clubs around the periphery of London and eight or ten in the country as a whole, all selling a combination of sport, fitness and what the Americans call "wellness."

"The fitness-leisure industry is on the up and up," he said. "I just don't believe it's a fad."

All together now — all mod-cons at the Barbican Health and Fitness Centre

Clubs in the City take some beating for equipment, style — and cost, says Clive Wolman

IF YOU need evidence that the City is increasingly resembling a US enclave in its work ethic, salary levels and life style, take a look at the lavishly equipped, high-charging, luxury sports and fitness clubs that have been springing up.

Over the last few months, two new mega-clubs have been opened in the City and at least two more are in the pipeline. Even if the job and bonus cuts of the last three months have reduced the capacity of some City workers to fork out the larger membership fees required, the promoters of these ventures say that their need for such facilities has been made more pressing by the sharp rise in stress levels noted in several surveys since the October stock market crash.

The only long-standing sports club in the City with comparable facilities is Cannons, under the arches of Cannon Street railway station. Despite the emergence of competition, the level of applications for the 4,000 membership places at Cannons has remained so high that the club has had to close two of its three membership categories and has a three month waiting list for the third.

The most ambitious project, the Barbican Health and Fitness Centre, has been set up at a cost of more than £3.5m, of which £2.35m of equity was raised through the tax shelter of the Business Expansion Scheme. But the club is effectively being run as a subsidiary of the Health and Tennis Corporation of America, the largest health and fitness club company in the US. It is managing the club in return for a profit and equity related fee.

The decor and interior design - bright carpets and walls covered with mirrors - follows a formula designed, tested and refined in HTC's 300 clubs in the U.S. Some members consider it exhilarating, others garish. The piped rock music and neon lights add to the discotheque-like atmosphere of the hall that is presently being used for weights and exercise machines. Manager David Giampaolo aims for members to view their sessions as an enjoyable form of recreation rather than as a Spartan discipline.

The club offers such luxuries as a free towel service, a health food bar and Reuters screens for the traders who have to keep in touch with the markets. There is also a link via cross-membership with the newly-opened Barbican Medical Centre next door. The Centre draws heavily on the techniques of preventative medicine in the US. Its founder Dr John Garnham offers an extensive health and stress screening programme developed by St Bartholomew's hospital.

Giampaolo has been in the fitness business for 12 years since opening his own gym in Florida at the age of 17. The slightness of his physique is misleading. As well as building up two chains of fitness clubs - the second of which he sold to HTC - he has also won the title of Mr Florida (lightweight division) for "body-sculpting." He combines irrepressible enthusiasm with the professionalism and sophisticated sales techniques of what is one of the most profitable leisure companies in the US.

So far only one section of the club has been opened and the membership, set at a maximum of 5,000, remains relatively small. But in June the remaining facilities are due to be opened (two months behind schedule). These include on one level a 25 metre long swimming pool, saunas, solariums and a whirlpool bath and, on the level above, a gymnasium encircled by a banked and cushioned running track. Just in case you get bored with doing the same exercises on the same equipment session after session, which is quite common, for example, on the 35 Nautilus machines used at Cannons, HTC is spending more than £400,000 on 175 cardiovascular and muscle-building machines.

But even the Barbican's machines, which have been imported from several manufacturers in the U.S. and Finland, are overshadowed by the exercise machines offered by Cottons Sports Club, which is on the south bank at Hay's Wharf just east of London bridge. It was opened last year as the fifth, and by far the most lavish, of a chain of sports clubs in the City run by Mike Corby, a former Lloyds insurance broker and British international squash and hockey player.

The most spectacular feature of the club is its Powercise exercise machines backed up by "human-oid" coaches. You start each session by typing in your identification number and then go to a row of machines, each of which has been given a synthesised voice and a reassuring name like coach Harry, coach Pierre and Wally the weighing machine.

If you haven't attended for a long time, you will be greeted with a complaint from Harry that he feels neglected or a remark that he has been hearing all kinds of gossip about you in your absence. If you start slacking during the exercise, he will tell you: "Don't wimp out." He will also give you technical advice, for example, on extending your arms further and will lower the weights if you are struggling. An energetic performance, with a high score (marked out of 100), will attract such comments as: "Are you sure you're not Rambo?" When you move onto the next machine, you are likely to be told: "I hear you scored 90 with coach Pierre, but you won't find me so easy."

The gymnasium and facilities have been furnished with softer pastel colours than at the Barbican and the tiles of the swimming pool are in an alluring deep blue. Cottons and Cannons, in contrast to the Barbican, also have squash courts which offer more variety to those tiring of endless weight exercises. But although Cottons has only 3,000 members, it already suffers from overcrowding, especially at the peak times during the lunch hour and immediately after work. The changing rooms are particularly cramped.

The costs of all three clubs are high although all offer substantial discounts for corporate membership. Cottons charges a joining fee of £57.50 and an annual fee of £575 for the use of facilities by an individual, with a supplement of £2.50 court fees. The fee for husband and wife is £862.50. Those using the facilities only at the weekend pay just £115.

Cannons' rates are slightly lower. The joining fee is also £57.50. Annual gold membership, which covers all facilities, costs £431.25 at present, but will go up by £115 in April. There are no court fees.

The best bargain however is offered by the Barbican club. The £800 joining fee seems outrageously high, even though the payments can be spread over four months. But for those who join within the next few weeks, their membership will be transferrable. In other words, when they leave they will be able to sell the membership at the going price, in the same way as the Japanese sell their golf club memberships.

As Giampaolo expects to raise the joining fee later in the year, the chances are that you will sell out at a profit, although like any investment, there is a risk of loss, if something goes badly wrong in the running of the club or it fails to achieve popularity.

The Barbican's annual membership charge, which will not be levied until all the facilities are opened, is low and guests can normally be taken in free of charge. Those who join now will lock into an annual rate of only £190, which will not be increased. However, Giampaolo's tactics are to raise the rates gradually as the club becomes more established and as an incentive to early joiners. The fee also entitles member

He says that the high initial fee is a way of ensuring the club's exclusivity, as only those who are serious will be prepared to incur the expenditure. But at least a large part of his target membership, those City financiers who are acquainted with the principles of discounted cash flow analysis, should be able to work out that in the long run, the costs of the Barbican club are much lower than those of its two competitors.

Barbican Health and Fitness Centre, 97 Aldersgate Street, London EC1. Telephone: 01-374 0091. Opening hours: 6.30am to 10.30pm weekdays, 10.00 am to 6.00 pm weekends.

Barbican Medical Centre, No. 3, White Lyon Court, Aldersgate Street, London EC2. Telephone: 01-588 3146.

Cannons Sports Club, Cousin Lane, London EC4. Telephone: 01-283 0101. Opening hours: 7.00 am to 10.30 pm weekdays, 10.00 am to 7.00 pm weekends.

Cotton Sports Club, London Bridge City, Tooley Street, London SE 1. Telephone: 588 3670. Opening hours: 7.00 am to 11.00 pm weekdays, 10.00 am to 2.00 pm weekends.

Lucia van der Post on companies which help you "feel the burn" at home or in the office

NOT EVERYBODY is clubbable and there are some for whom time is so pressing that only exercise taken in the home or the office is possible. So, instead of spending time and energy going to classes, do as the prophet does and let the mountain, in the shape of the *Oberstabsfeldwebel*, the teacher or guru (depending upon your choice of task master) come to you.

If the home is where you prefer to expose your leotard and your bulges, then call Alex Kissin's Fitness Connection. You can either do it alone or gather a group of friends together to get fit in a chummy kind of way. Alex Kissin guarantees that all the instructors are professionally trained - no need, I imagine, in these post-Jane Fonda days, to stress how much that does matter; do an exercise the wrong way and you cause stress instead of improvement.

You can discuss what it is you are aiming for - weight loss, improvement of posture or tone, cardio-respiratory fitness - with your instructor and he will devise a programme for you. The instructor will arrive complete with mats and dumbbells, but if you fancy getting fit some other way - say with a little karate, or swimming - instruction in that can be provided too (you provide the swimming-pool). Charges are £20 an hour - if you share that with, say, three other friends, that works out a lot cheaper than most clubs and for the really hard-pressed, it is infinitely more time-effective.

Clever employers know that fit workers are more efficient workers - all the evidence shows that exercise, far from depleting stores of energy, recharges them, so providing exercising facilities on the premises could be made to look like a good investment. It might at the end of the year even bring a smile even to the chaps who guard the bottom lines. Carol Hampton of Energy Unlimited is one of a group of exercise teachers who will come to the workplace and tone up the staff on the spot. Usually Energy Unlimited persuades the employers to contribute the floor space and something towards the cost of the teachers, while the staff pay a session fee as well. Though the classes usually work out cheaper than those at a club — £40 is the usual charge for a 45-minute group session — the real gain is in time: the lunch-hour is spent keeping fit, not grappling with tubes, buses or taxis.

Finally, Fitness for Industry, which once conducted a popular session at Selfridges testing the fitness of any FT male reader who cared to turn up at the Aramis counter, specialises in providing in-company advice on how to keep fit. Should any company be brooding in a splendidly forward-looking way on how best to provide facilities to help its staff keep fit, Fitness for Industry are the people to call

● *Alex Kissin's Fitness Connection, 4 Holmebury-Hive Road, Bushey Heath, Hertfordshire WD2 1JG. Tel 01 950 9432.*

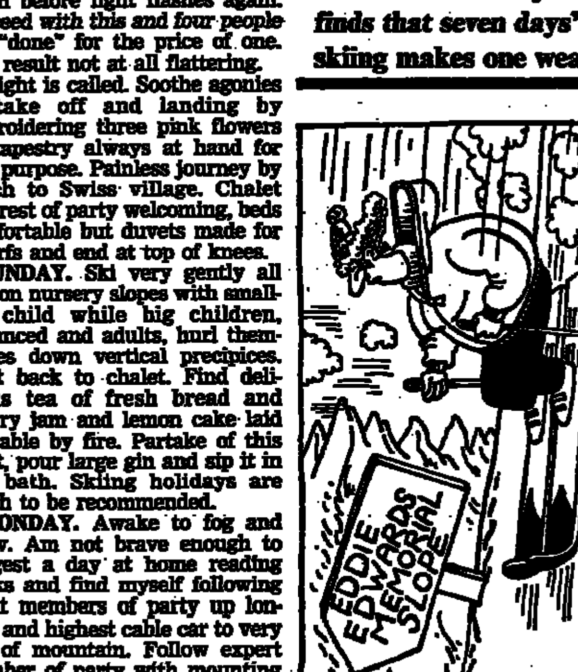
Energy Unlimited, 70 Sutherland Avenue, London W9 2QS. Tel 01 286 7249.

Fitness for Industry, Flames Health club, Galena Road, Hammersmith, London W6. Tel 01 741 8536.

Work out at home the Alex Kissin way

A skit on the slopes

Sandra Burbidge takes off with her family and *finds that seven days' skiing makes one weak*



SATURDAY. Leave home in over-filled, over-luggaged car. Back contains children of varying sizes, mostly mine, teenage tape player produces awful noises, pair of skis divides a car neatly in half. On arrival at air port discover have left all Woolworths' booth photos (essential for ski passes) at home. Simple research finds airport photo booth tucked away in a corner, more research reveals that if one person sits in booth and dashes out the instant light has flashed, next person can dash in and sit down before light flashes again. *Proceed with this and four people* are "done" for the price of one. End result not at all flattering.

Flight is called. Soothe agonies of take off and landing by embroidering three pink flowers on tapestry always at hand for this purpose. Painless journey by coach to Swiss village. Chalet and rest of party welcoming, beds comfortable but duvets made for dwarfs and end at top of knees.

SUNDAY. Ski very gently all day on nursery slopes with smallest child while big children, advanced and adults, hurl themselves down vertical precipices. First back to chalet. Find delicious tea of fresh bread and cherry jam and lemon cake laid on table by fire. Partake of this feast, pour large gin and sip it in hot bath. Skiing holidays are much to be recommended.

MONDAY. Awake to fog and snow. Am not brave enough to suggest a day at home reading books and find myself following adult members of party up longest and highest cable car to very top of mountain. Follow expert member of party with mounting trepidation. Fog so bad cannot tell if going up hill or down. Do not fall over and confidence rises. Ski fast and blindly and suddenly shoot out of cloud and into sun. So surprised fall over and bruise thigh. Return to chalet late to find children lying about in heaps and all coffee cake and hot bath water gone.

TUESDAY. Awake stiff and aching but cheered by bright sun, clear views and eggy bread and porridge for breakfast. Sky is navy blue and air shimmers with silver glitter from snow. Ski well in perfect conditions. Entire party plus friends and instructors gather for mushroom omelettes and raclette cheese and copious amounts of wine at mountain café. Small children on separate table where they can knock over their orange juice in peace. Large boys say they would like to ski with us after lunch. Very flattered. After three minutes they are out of sight. Do not see them again. Follow map down long deserted piste, sun gets low, snow gets icy, so head for home. Fall over on way to home and bruise other thigh very badly.

WEDNESDAY. No morning ski as have arranged to go with smallest child after lunch and must conserve all energy. Join smalls class at mountain top. Keep up with great difficulty as they follow leader blindly down everything and at great speed. Arrive at bottom of mountain five minutes after smallest child. Pretend had met friend and stopped to chat. Capture passing daughter by ski lift and send her home to guard hot bath water. Sit on chalet terrace in sun eating chocolate cake and think how nice skiing is.

THURSDAY. 10 am instruc*tions for entire party. Nightmare* dash as 12 people fight for gloves, ski boots, ski passes, skis and all equipment necessary to hold the body together for whole day. Fellow handsome ski instructor up cable car to summit of white world. Do very violent warm-up exercises till husband convinced of imminent arrival of hernia. Parallel turns go perfectly; pole planting, weight changing, timing all co-ordinated. Nothing to this skiing. Mogul field and deep powder snow then wipe out all confidence gained. Lose rhythm, lose pole, lose ski, lose dignity. Solitary afternoon practice, avoiding moguls and deep snow.

FRIDAY. Last ski day. Share handsome instructor with eldest daughter for morning lesson. Daughter and instructor very taken with each other. Do not enter this competition but concentrate hard on parallel turns. *Last night.* Felt obliged to go out. Night clubs full of gilded youth, spy children in far distance, also handsome ski instructor. Move to bar of quiet hotel with other middle-aged outcasts. At midnight put aching body to bed with great relief. Getting quite fond of dwarf duvets and wonder how shall cope again with blankets. Children come in as smallest child gets up.

SATURDAY. Snow coming down in thick flakes. Dirty clothes, tired children, boiled eggs and packing. Sad and loving farewells to all who have shared the week. This takes very long time. Quiet descent into rainy Geneva to find other world of today's newspapers, English voices and "Luton" flashing up on flight departures board. Embroider three more pink flowers on tapestry and try to look forward to being home again.

Oh, what a lovely bore

Julia Berney takes a trip down by the River Severn to realise a lifelong ambition

ON A rain-washed morning last spring I drove through the Gloucestershire flatlands to realise a life-long ambition. It was break*fast-time and a Sunday and noth*ing stirred, save a cock pheasant mincing along the verge.

Knots of mistletoe dripped from apple trees in the bleak orchards. The village looked still asleep, and no car save mine crossed the juddering bridge above the Gloucester-Sharpness canal. The emptiness of the road was baffling, for this was the time of the equinoctial full moon, and therefore an extraordinary day.

But all the world, I soon discovered, had reached Stonebench already. Some were well-acquainted with this meander of the great river; others, like me, were first-timers. Everyone awaited the Severn bore.

Serenely the river flowed seawards, flotsam glided downstream, wood and bottles, slowly, a smooth silvery conveyor belt destined shortly for violent reversal.

The sound came first, a rumble and a crash, then around the distant bend swept the bore — not a wave like the breakers on the beach, but a wall of opaque brown water foaming only where it scoured the banks. A metre from where I stood it demolished a chunk of land, exaggerating the meander with one blow.

The dramatic change in the river does not end with the passing of the wave. Tides in the Bristol Channel complete the usual six-hour ebb and six-hour flow cycle, but entering the Severn estuary the rhythm shifts. As far upstream as Stonebench the ebb takes ten hours, followed by a two-hour inrush of pent-up power, seen at its most spectacular during the high tides of the spring and autumn equinox. In the bore's wake the water does not fall back but continues to surge upstream in an undulating mass like a dunescape in motion almost level with the surrounding flood plain. Past me sped the driftwood log, the flagons and the wine bottles — and half a dozen canoeists.

Riding the bore to Gloucester is a challenge made all the more attractive by the fact that it can be accomplished on so few days in the year, and by the unpredict*able nature of the phenomenon* - a strong wind can make or break a bore. Black rubber-suited surfers slide like otters down the mud banks to catch the big one.

According to one veteran surfer from South Wales the journey has its hazards - on occasions he had found himself travelling in a mat of debris which included tree trunks and dead cows. Staying with the bore is only half the problem he told me: getting off in the nick of time is the final trick. The Severn is tidal as far as Gloucester. Just north at Maisemore stands a weir where the tidal wave — and all that it transports — ends abruptly by smashing into a brick wall.

But the days of the Severn bore may be numbered. If or when a tidal barrage is built, at the proposed site between Lavernock Point on the South Wales coast and Brean Down in Somerset, the bore will simply cease to exist. Its demise will be no ecological disaster, unlike the expected loss of inter-tidal feeding grounds for waders and wildfowl which causes the Royal Society for the Protection of Birds to oppose the barrage scheme. But for the watchers and the riders of the bore, it is a natural wonder that would be sadly missed.

A barrage to harness tidal power is effectively a dam across a river mouth, housing sluices through which the sea enters and turbines that operate on the ebb tide to generate electricity. Such a barrier would create a basin where water could be held back, for perhaps two hours after the ebb begins, to produce enough head — the difference in height between basin and Channel sea levels — to drive the turbines at maximum force. Within the controlled basin only high and mean water levels would be experienced; the present state of low water in the Severn estuary would never occur again.

It is the vast swing from extreme low to high water in the Bristol Channel which makes it suitable for a barrage. The tidal range here is the second largest in the world - Canada's Bay of Fundy holds first place. In the Severn estuary, the squeezing of a mass of sea water into a channel that gets progressively narrower and shallower, together with the vital factor of resonance — a huge build-up of wave energy — gives rise to the bore.

The nascent bore can be seen as far downstream as Newnham on the west bank and Epney on the east, but the first viewing point recommended by the Severn-Trent Water Authority is Tunsterworth. The mature bore reaches Stonebench roughly ten minutes later, depending on the wind.

I was in Stonebench at 9 pm. The air was still and only a small crowd waited in silence, ears strained — for after dark, with little traffic, the noise of the bore is perhaps even more thrilling than the sight of it in daylight. Somewhere out there in the darkness the muffled thunder was approaching, then came a series of splashes as it buffeted the riverside saplings. Car headlights flicked on to full beam to illuminate the river. With no trace of a wind to ruffle it the bore was as smooth as a brown glass rod laid from bank to bank.

● For anyone who wants to see the bore, the advice must be: catch it while you can. Information can be obtained from Severn-Trent Water Authority, Lower Severn Division, Gloucester District Office, Staverton Depot, Cheltenham Road East, Gloucester. Largest bores, depending on weather, are Saturday, March 19, (approximately 8.50 am) and Sunday, March 20 (approximately 9.27 am). Times are for Minsterworth (on A48 road). Add 10 minutes for Stonebench (turn off A38 at Hardwicke); add 35 minutes for Over Bridge (on A40).

DIVERSIONS

The very picture of gilt

Early 19th century carved and gilded Italian frame, sold by Bonhams for £1700

A FEW weeks ago in one of my weekly offerings I addressed the subject of how to start collecting contemporary works of art. If you were one of the many who went rushing in to some of the galleries I mentioned clutching bits of pink paper (some, I hear, looking just a little bewildered at the avant-garde nature of the work on show) then you may have bought something you are thinking about getting framed.

I wrote quite a lot on the subject of framing last year (July 18 to be exact) but it is an endlessly fascinating subject.

Framing is an art and it as well to keep this in mind. It needs a fine eye, craftsmanlike skill and impeccable taste. There is no substitute for finding somebody whose eye and taste you trust. If you see pictures that you think are well-framed ask the gallery or friend for the name of whoever did them.

When considering a frame obviously the value of the work should be taken into account. Cheap prints over-framed look terrible. They look perfectly nice in a good plain painted or lacquered wooden frame with a nice colour-washed border. Classic oils look best framed in classic gilded frames. Avoid, if you possibly can, machine gilded frames - the gold always looks too bright, too new, too even. Good bespoke framers, like Stewart Heslop, use the traditional methods of applying the gold on a gesso base - which gives a matchless rich, multi-layered, classy look.

There's hardly anybody better to consult than Stewart Heslop of 98 Waterford road, London SW6. I mentioned him last time and make no apologies for mentioning him again. He is the man to go to for the bespoke end of the framing business and he's primarily known for framing contemporary work - he does a lot of work for Waddington Graphics.

Every picture he sees as a unique challenge. The basic rule is to try and be faithful to the period of the picture or print. Frames should match the picture rather than each other. Clearly nobody in their right mind would frame a Bacon or a Liechtenstein in the same way they would a fine 18th century botanical print.

Antique frames are now highly sought after and if you have any at home, even if not perfect, for heaven's sake don't throw them out. If necessary get them restored. If you do happen to come upon, say, a serious botanical print, or a fine old master, you should hunt around for a frame of the period. Bonhams of Montpelier Street, Knightsbridge, London SW1 is one of the few auction houses to have regular sales of antique frames and it tells me that fine carved frames are fetching amazingly high prices - they are increasingly being seen as works of art in their own right. The next sale is on Thursday April 21 — look out for a pair of fine Florentine frames carrying an estimate of £2,00 - £2,500 and a Louis XIII "baguette" frame, 5" by 8" (estimated price £200 - £400).

Another good source of period frames is Arnold Wiggins of 4 Bury Street, London W1 (tel. 01-925-0195) who have some 3,000 [illegible] 18th century frames in stock, starting at £300. They will also do the framing for you. If you can't find a perfect original they will make one up.

Pollack's, 20 Blue Ball Yard, off St. James' SW1 (tel. 01-493-1434) is another excellent source of genuine and reproduction frames - he is much used by top West End galleries. Good at adapting existing frames to suit picture. Prices start at £250.

There is a hard core of quality framers about. Here are a few: Nick Hawker, 3/69a Gowan Avenue, London SW6 (01-731-7710).

Alfred Becht, 391 King's Road, London SW6 (tel. 01-352-1945), famous for framing the works of Bacon and Sutherland but considers himself very top, and "doesn't want just anyone coming in."

Mattei Radev, 10 Ogle Street, London (tel. 01-580-4704). Specialist in gold leaf, deals in both contemporary and period paintings.

HANGING

How to hang a picture seems to cause some people enormous angst. Of course, if you have a grand and beautiful home with important pictures then it really is a serious matter and you need serious advice but if you have a grand and beautiful home I'm assuming you can afford it. This is for the rest of us.

William Packer, our art critic, whose eye after all has seen many a gallery and many an art-filled home, says all this angst is quite, quite pointless and he has some splendidly down-to-earth views on the matter. "Above all," he says, "forget all those awful suburban rules about what colours are alleged to go with other colours. Every colour goes with every other colour. Put a picture where you [illegible] hang it up. The crucial thing is always be prepared to move it if you don't feel it is right. If a picture looks well in a certain place I hang it up and then hang others around it. I like a nice dense multi-level group myself. And don't worry about putting a large picture on a small wall - they often look wonderful."

Jane Churchill, interior designer and partner in Jane Churchill Design, says the mistake most people make is to hang pictures too high. They are, after all, meant to be seen without craning your neck. She is about 5 ft 7 ins tall and she hangs them level with her own eyes. When you're trying to group pictures she recommends a method commonly suggested - lay them out on the floor and fiddle around with the grouping until it seems right. Then start putting them up. If you have two pictures you want to hang they somehow seem to look better if you hang them together - don't put one on one wall and one on the other. If they are a pair, hang them side by side, if not hang one above the other.

In Scandinavia pictures were traditionally hung very low - go along to the marvellous exhibition of work by the Danish artist Peter Ilsted at the Bury St Gallery, 11 Bury Street, London SW1 and you will see in a painting of the artist's own apartment, a group of seven pictures ranged in a row along the top of a Biedermeier sofa.

Furniture can often be used to provide a good boundary for a group of pictures - a chest of drawers, a sofa, a table, a dressing-table. Try and line up pictures in groups so that there are not too many changes of level.

Decorators have been reintroducing some of the older, traditional ways of hanging pictures. There is currently quite a fad for print rooms. Classically only black and white prints were used and they were given black and white borders and most of the work was done by spinster sisters. Traditionally the prints were pasted directly onto the walls and then varnished to protect them. Nowadays the idea is adapted and used in much more modest surroundings. It is a good way of displaying relatively inexpensive prints - do not on any account use really valuable ones.

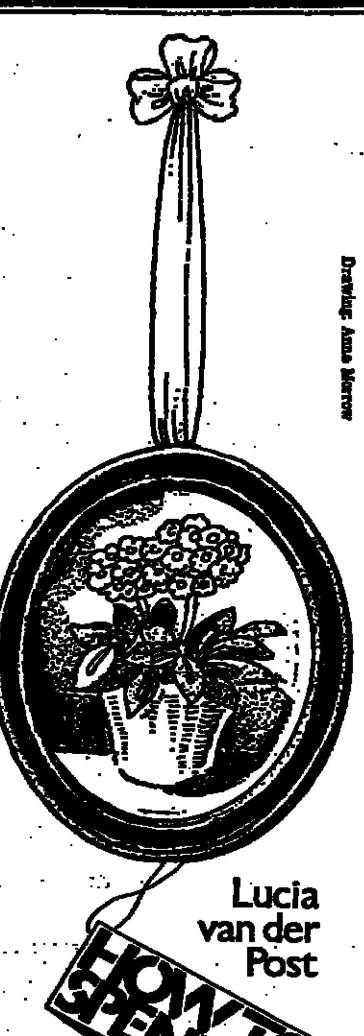
Jane Churchill, for instance, took some cheap floral prints and used them to liven up her tiny London bathroom. She stuck the prints directly onto the wall and then framed them individually on the wall with a selection of print room borders bought from The National Trust.

These, she says, are the best and the cheapest around. There are three sets - either £2.95 or £3.85 for the set from all National Trust Shops. Jane Churchill colourwashed the borders herself but they can equally be used plain. Another way to get the same effect is, of course, to use stencils to frame a print stuck directly onto a wall. The Stencil Store, 91-93 Lower Sloane Street, London, SW1 (tel. 01.730.0728) sells the proper stencils, simulating 18th century swags, tassels and bows.

Equally fashionable at the moment is the fad for hanging pictures from ribbons and bows. A fine sense of caution and perspective needs to be used here - you wouldn't (would you?) hang a bow on a Stubbs or overwhelm a tiny picture with a giant satin confection. The National Trust and Ornaments (of whom I wrote a few weeks ago - buy them by mail from 23 South Terrace, London SW7) both sells swags and bows which can be used to pull together groups of pictures.

CLEANING AND RESTORATION

If you are buying pictures at auction or already have pictures at home that seem to you in less than perfect condition you might like to have them cleaned or restored. Go easy on the oils - they look better if they look less than pristine. However, if the dirt and dust of centuries has by now accumulated to such a point that you can't really see the picture then the time has come to act.



Lucia van der Post

HOW TO SPEND IT

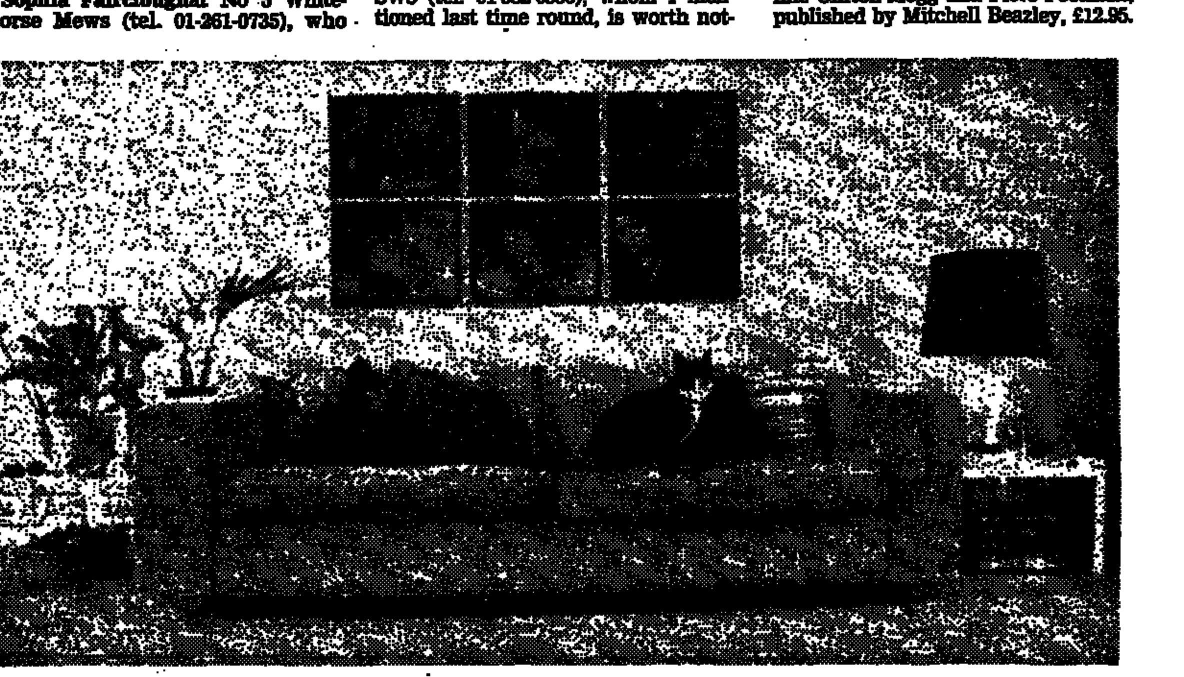
Alex Jones applying gesso to a picture frame in Stuart Hyslop's workshop.

Alexandra Walker, (tel. 01-261-1419) Anthea Pelham Burn (01-261-1356) and Valentine Walsh (tel 01-261-1691) are three oil restorers, all working independently of each other, who can be found at 3 and 4 Whitehorse Mews, Westminster Bridge Road, London SE1.

Sophia Fairclough at No 5 Whitehorse Mews (tel. 01-261-0735), who does a lot of work for the Waddington Gallery, is a paper conservationist who deals with damage to works on paper like tears, creases, foxing and the like.

Stewart Miller, The Picture Workshop, 3, Wilkinson Street, London SW8 (tel. 01-582-0556), whom I mentioned last time round, is worth noting in this context because he collects and delivers all over the Home Counties and will tackle almost any damaged frame, including highly decorative, gilded ones.

● An excellent book on the whole subject of framing and displaying pictures is Displaying Pictures by Caroline Clifton-Mogg and Piers Feetham, published by Mitchell Beazley, £12.95.



A sofa defines the shape of this group of six pictures hung to look almost as one. From The Finishing Touch by Robin Guild, which has an excellent chapter on hanging pictures.

Pricey pleasures

Wine

IT MAY BE thought that buying young red burgundy is easier than buying young red bordeaux. It is much less tannic and made from one grape alone – the Pinot Noir – whereas a claret may be a blend of up to four different varieties, with a mix that will depend on soil, situation and the inclination or the expertise of the grower. Moreover, the earlier development and lesser waywardness of burgundy compared with claret may make it seem more approachable when only a year or two old.

However, the difficulty of sampling such wines is that they are far less standardised than claret. A 1985 classed-growth claret, for example, may be expected to taste the same everywhere. But this does not apply in Burgundy (where 1985 was a particularly successful vintage), for a wine cannot be judged on its name alone because with very few exceptions every single vineyard will have multiple occupancy. The classic case is Clos de Vougeot, whose 50 ha are very thinly spread among 70 growers. In Chambertin and the associated Clos de Bèze there are at least 25 growers. To find the best or the best value for money the onus rests on an experienced wine merchant with good contracts.

This was brought home to me forcibly last year when I was one of a small party invited to taste the 1985 wines of Vosne-Romanée in the village. There are no fewer than 60 families making wine in the commune, and the variations in style between wines from the single vineyard source was considerable.

One way out of this for we would-be consumers is to buy wines bearing the label of a reputable Côte d'Or merchant, such as Bouchard Père et Fils, Champy, Drouhin, Latour or Remoissenet. They will have made their selections and probably bought from several growers in any particular vineyard to produce a saleable quantity. On the other hand a more distinctive, though not necessarily superior, wine may be found from the grower who "brings up" and bottles his own wine. Not all do this very well, but in recent years the trend has been in that direction.

A word about burgundy prices. That they are expensive is undeniable, and the opinion may be heard that they are excessive – a bit of a swindle, in fact. Yet it has to be borne in mind, first, that there are no big estates in the Côte d'Or and the average holding is about 2 ha. Production is expensive. Second, there are fewer fine vintages there than in Bordeaux or the Rhône.

When, therefore, 1985 was seen at once to be exceptionally good, demand and price soared. It is fair to feel that Côte d'Or *cru* wines have been priced out of one's cellar, but not that prices are unreasonably high. Rather less than 10,000 cases were made that year of Chambertin, one of the world's most celebrated wines, and Vosne's 60 families produced only 72,500 cases of appellation wine between them.

Recently I attended two very large tastings of the 1985 Côte d'Or reds: one in London arranged by Berkmann Wine Cellars (12 Brewery Road, N7), the other by Howells of Bristol (9 Small Street, Bristol) in order to make a selection for its Bin Club, whose members, mostly working abroad, subscribe regularly and buy from circulated lists wines that are then kept for their return home. Consequently there were no retail prices at this tasting, but those for Berkmann's Nez Rouge Club, with slightly reduced prices, are given for wines still in stock (many were soon sold out). They were all growers' wines, and few of these are available in large quantities.

At the Berkmann tasting two very attractive wines came from Tollot-Beaut of Chorey-les-Beaune: Savigny Champ-Gevrey (£123.55 a dozen), with firm, oaky flavour, and an Aloxe-Corton (£165.60) that had the fruity, full body expected of this wine. From Nuits-St Georges, one of its best producers, Alain Michelot, had a Cailles (£217.55) with a lovely aroma, slight acidity, some tannin and a long flavour; and a Vaucrains (£220.80), a rounder earlier-maturing wine. A good "village" Vosne-Romanée was Mugneret-Gibourg's (£148.35), relatively light and elegant. Inexpensive for Gevrey-Chambertin was Philippe Rossignol's (£124.10), full in colour and strong in flavour. A big name in Chambertin is Louis Trapet and his Chambertin (£338.10) had lots of body, flavour and length: a wine to keep.

At Howell's tasting, mostly of merchants' wines, two Hospices de Beaune *cuvées* stood out: the Savigny Fouquerand and the Clos des Avaux, both from Patriarche, that dominating Hospices bidder, and both notably deep coloured and fruity. Neither would be likely to cost less than £30 a bottle. Both were more developed than the well-known Beaune-Grèves Enfant-Jésus of Bouchard, at around £20 a bottle, and the agreeable Corton-Grancy of Latour, with a very scented aroma and fairly light but backward flavour, at about the same price.

Among 27 Côte de Nuits wines I like Vienot's Corvet Pagets for its colour and fairly light texture, and Bouchard's Hospice de Nuits Poret, more closed in bouquet, but very fruity. But Bertagna's Vougeot, Clos de la Perrières (not from the over-populated Clos de Vougeot). had more colour and quality than Vienot's "grassy" smelling and tasting Clos de Vougeot. These would probably be in the £180-£220 a case bracket. But the Chambertin Clos de Bèze of André, which would possibly cost more than the two Hospices de Beaune wines mentioned above, was paler than the Trapet, but with an attractive aroma, and is a wine likely to develop fairly early.

This tasting ended with four Domaine de la Romanée-Conti wines, which a week or so earlier I had tasted in London, along with their 1982s and 1983s. As always the wines were surprisingly pale, but with a concentrated aroma and taste; and the 1985s then had certainly more to them than the earlier years, especially than the 1982s, which seemed rather dry and lacking in fruit, although I was assured that they would "grow in bottle." The 1983s had been a little more welcoming, especially the La Tâche.

Of the 1985s I preferred on both occasions the Echézeaux to the rather green Romanée-St Vivant, and the attractive, concentrated, full-flavoured Richebourg to the dry La Tâche, which, however, had shown better to me in London, where the Romanée-Conti itself could also be tasted: a very distinctive wine, with a spicy bouquet and an apparently more advanced flavour than the La Tâche. It stood out from the rest and so, no doubt, will the price when announced – for with the trade price of La Tâche at £925 a case, the tiny quantity of Romanée-Conti made from less than 2 ha cannot be much less than £100 a bottle and may well be more retail.

All the burgundies mentioned here and others on their level of quality call for a substantial personal cash-flow, and a windfall for the Domaine de La Romanée-Conti wines such as to make the leading 1985 clarets seem almost a bargain.

Edmund Penning-Rowsell

Food for Thought

Small may be beautiful but big is better

Peter Fort casts a suspicious eye at long-term prospects for Britain's specialist high quality food producers

I HAD NEVER heard of the British Culinary Institute when it invited me to the London Hilton where it was launching a National Logo for Excellent British Foods and Drinks, but I know better now.

First, it was founded a couple of years ago, mainly by restaurant chefs. Second, it has the laudable aim of encouraging suppliers – mostly small and mostly farm-based – of really high-class and often rare vegetables, meat and dairy products (in particular) which don't turn up through your run-of-the-mill mass market outlets at Covent Garden or Smithfield.

Here is the whole spectrum, from rare breeds of lamb through tiny winter salads to unpasteurised cheeses: everything we have always believed the British chef, unlike his Continental counterpart, has to manage without.

I met many of these suppliers, who stood helpfully behind their trestle tables loaded with samples and spoke of their hopes and ambitions. But while admiring their enterprise and relishing their goodies, I felt a worm of doubt gnawing at me.

I think the institute believes that small is beautiful and that agribusiness is the enemy of quality. But when it came to question time, someone (actually, it was Hugo Dunn-Meynell of the Wine and Food Society) asked a question along the lines of "What are you going to do when Marks & Spencer wants to join?"

In fact, it wasn't put quite that way and so didn't quite require the straight answer which haunts me. But, gentlemen, what ARE you going to do when M & S does want to join? Because, heaven help me, I am increasingly coming to the view that while small might be beautiful, if you want the highest quality fresh produce (be it for restaurant or household) the superstores in pursuit of profit will do you better than anybody else.

I had better nail my colours to the mast. I love the small, dedicated, uncommercial supplier who cares about his produce and sits up nights with his piglets and his salad greens and never, ever pasteurises his milk. But I know that physical distribution and shelf-life, dismal considerations though they may be, do make a lot of difference to the quality of what ends up on your plate, and that these things call for a lot of investment money.

The British Culinary Institute, despite its grand title, represents a series of fairly small interests and, as a result (despite booking the Hilton for its logo-launch), is thinking rather too small. I beg it to think bigger before it suffers the minnow's fate.

I moved among the stallholders and I introduced my FT-type question: "Do you seriously want to be bought out by Unilever?" The response was usually: "Jane going - is beginning, in fact – to do it better than Mr Small. Make change your ally, as they say in Unilever. How can you place your trust in the little, local supplier in a country which cannot grow itself a decent tomato? Grigson would never allow it to happen." I didn't get the chance to talk to Mrs Grigson to find if this touching faith was justified.

You see, it's partly a question (when you come down to it) of money. Another factor is that chefs very soon come to recognise that they run these things better in France, where local market gardening is a way of life in a highly decentralised agricultural economy. We don't live like that; more's the pity, some would say.

There are areas (fresh herbs are one) where small-scale enterprise can take off - but only by plugging itself in to the gold-plated distribution machinery of the multiples. The sort of foods that you and I care about are not bottom-price potatoes and big-as-you-can-go cabbages. Little leaves of winter salads and little farmhouse cheeses are high-value items.

The big boys would love to deal in them, if only to enhance their foody credentials, and Mr Big is plier in a country which cannot grow itself a decent tomato? Ladies and gentlemen of the BCI, I rest my case.

Robin Lane Fox finds little to praise in the latest biography of Peter the Great

History mocked in a literary romp

Peter the Great . . . a giant sold short

PETER THE GREAT
by Henri Troyat. Hamish Hamilton, £15.95, 392 pages.

BOTH THE author and subject of this book have double natures. Peter the Great ruled Russia from 1682 to 1725 with a combination of energy and savagery, curiosity and cruel terror. Henri Troyat is a member of the French Academy, a much-acclaimed literary stylist with no historical sense. Together, their book has made an impression on me because it is so awful.

One moment, we are contemplating Peter's barbarity. He is watching his son being flogged to death or he is attending tortures "intoxicated by the smell of blood, pus, roast flesh and excrement." His fingers are even removing a tapeworm from his favourite dark page-boy. The next moment, Troyat is telling us what they all felt: the new St Petersburg must, and will, arise from the sodden marshes; "all Moscow watched with bated breath . . . "; "what peace after the nightmare of the journey . . ."

It is a literary romp which bears as much resemblance to history as scene-painting does to art. There is no depth, no penetration. Coy questions and connections keep us at arm's length. When Peter forbade his Russians to wear beards, "their smooth faces now resembled those of Germans. But their hearts?" "It was good to cut off the beards of friends, better to cut off the heads of enemies." Troyat invents the continuity, Troyat presents the ironic disdain.

He also distributes the space. Forty-four pages are devoted to the fall and arrest of Peter's son, which allows easy quotation from a public manifesto, but some absurd two-page gallops take us through major campaigns and reforms which aimed to change the shape of Russia. Troyat has no imagination for the complex way in which things change, because they would hold up the scene-painting.

One of the most fatuous remarks in this book runs as follows: "At his orders, all of Russia set feverishly to work." If that statement was true, dozens of statesmen, economists and investors would love to know why Peter's Russia differed in its obedience from every other observable society. As a comment on Troyat's Peter, it is absurd. He leaves us with no idea why, or how far, an order from the ruler came to be obeyed or enforced. An entire dimension of consent, ambition and competition has dropped out of the story.

It is not a bad story, either. Peter ruled for 43 years, combining a military thrust to the Baltic, which succeeded, with a string of social reforms which were meant to bring Russia to match the Europe he had seen on his travels. There was to be a new capital, new law codes, a remarkable new army and navy and new attempts at education. Troyat remains detached: "In the new Naval Academy, retired old soldiers stood at the door of each room, riding crop in hand, to punish troublemakers and prevent them from leaving."

Behind it all was this giant of a ruler, unimaginably energetic, fascinated by ships and carpentry, surgery, modern inventions and the art of extracting teeth. He was founder of a Museum of Curiosities in the new Petersburg and had a connoisseur's eye for dwarfs and freaks. This book gives no idea of his context or social impact apart from torture and execution. They were nothing new in the history of despots but, if Troyat is not misleading, Peter did take an unusual interest in the repulsive details.

What, though, is unusual? There are dozens of recent books on Peter the Great and this one has nothing new to tell us, except the little asides which are granted only to Troyat by special literary revelation. The point, I suppose, is that Troyat "knows how to write." But a writer about other people is advised first to learn how to think.

I hate this sort of book because it contributes, unwittingly, to a serious failure of understanding. It typecasts three centuries of a huge country's history as a period in which millions of peasants gaped while a sex-mad dynasty slashed off other people's heads and devised ice-cold punishments for each other's debauched lovers. It makes Russians into peculiar savages and it reinforces the convenient myth that they are simply "primitive."

When the history of Europe's shallow platitudes is finally written, perhaps by a Far Eastern scholar, Troyat's Russian books and their sales figures will deserve an entry. But somebody, by then, will surely have put them into film on the television.

Just medium rare

LETTERS OF MARSHALL MCLUHAN
Selected and edited by Matie Molinaro, Corinne McLuhan, and William Toye. Oxford University Press, £25, 562 pages.

EVERYONE knows who Marshall McLuhan was. He was the inventor of the phrase "the medium is the message" which he later, in a characteristically maladroit attempt at greater accuracy, changed to "the medium is the massage."

This hit-or-miss mixture of brilliance and banality sets the tone of McLuhan's contribution to those heady days of the 1950s and 1960s, when Mailer and Lowell met on the steps of the Pentagon, Ginsberg howled his defiance at middle-America, and Charles Olson called for "open" as against "closed" forms — that is, "the forms that print bred."

So far as I know, McLuhan never made any acknowledgement of Olson's seminal, if incoherent, Projective Verse essay, which was published as early as 1950 and is a step towards McLuhan's claim in *The Gutenberg Galaxy* 12 years later that printing, with its emphasis on closed, introspective, private communication *through the eye, is the* enemy of a cohesive, interdependent society and, presumably, its concomitant, a truly democratic art.

When Jonathan Miller published his "sledgehammer-to-crack-a-nut" attack on McLuhan in Frank Kermode's Fontana Modern Masters Series, Martin Esslin made a comment which pinned the Toronto guru wriggling in his place. He called McLuhan an "intellectual gadfly," a divine *provocateur*. What he was not was a scientific thinker. He was a poet of ideas — a bit like Edgar Allan Poe, except that, instead of writing like a Virginia gentleman, he composed the database for a computer printout. This was presumably what he intended, for we know that he had set his heart against "linear communication." Neither his sentences nor his chapters needed to be read in any preordained order. The resultant confusion earned him the title of "the communicator who could not communicate."

That is precisely the trouble with McLuhan. With the best will in the world, one cannot — except in flashes and isolated perceptions — understand what he is talking about, because to do *that one needs what he most* despised: a closely reasoned argument. Somewhere underneath the circuitousness, false analogy, dazzling insight, outrageous punning and oracular mystification, there is a deeply serious theme; and that is what, in the final analysis, one values McLuhan's work for.

Marshall McLuhan: both brilliant and banal

In three introductions (1911-36, 1936-46, 1946-79) and copiously informative footnotes, McLuhan's agent, wife and publisher take the reader through the letters of this oddball from Edmonton, from the days when he was a student at the University of Manitoba (BA, 1933, MA 1934). Subsequent landmarks were Trinity Hall, Cambridge (II/1 English Tripos 1936, Phd., 1942), Instructorships at Wisconsin and St. Louis, and then his first appointment at Toronto in 1946. But for a year away as Schweitzer Professor at Fordham University, he stayed at Toronto until his death in 1980, being at the same time director of the Centre for Culture and Technology.

One has the feeling that some of the letters have been chosen less for the light they throw on McLuhan's ideas than for the extent to which they show what important people he knew. All those letters to Trudeau, for example: do we really need them? The same goes for notes to Woody Allen about *Annie Hall*, a congratulatory telegram to Jimmy Carter ("A Toast and a Prayer to the King of our Hearts Today") and a creepy letter to King Gustav of Sweden thanking him for lunch. On the other hand, the correspondence with Tom Wolfe on the subject of McLuhan's PhD thesis is fascinating.

Some of the most interesting letters come from the Trinity Hall years, where, like all Empire-based graduates, McLuhan was forced to go through the demeaning procedure of taking a second undergraduate degree. He seems to have accepted it as the *natural lot of a provincial and to* have fitted in very well with men up to six years his junior.

McLuhan rowed in the college boat and revelled in the provocativeness of I.A. Richards and F.R. Leavis. Above all, he appreciated the Cambridge presentation of literary ideas, against the background of "English Literature, Life and Thought."

One significant remark in January 1935 seems to set the tone for the future direction of his studies: "English literature is a foreign literature, more alien to America and Canada every day . . . It is quite as alien as French." In the light of this conviction, one can understand why this dedicated and ambitious man, rooted in his own soil and society, had to turn away from what would have been for him a dead study. Canadian literature was impossible because it did not exist. If for no other reason McLuhan's life work had to be mores and media, the living body of the contemporary. His theories stem from *that*.

Geoffrey Moore

There's nothing like this Dame

PUBLIC SERVANT, PRIVATE WOMAN
by Dame Alix Meynell. Victor Gollancz Ltd. £16.95, 282 pages.

AUTOBIOGRAPHIES by high civil servants are rarer than those of politicians. Dame Alix Meynell — Alix Kilroy in her youth and "AK" to her numerous colleagues and friends — pioneered the career of women in the administrative civil service from the 1920s to the mid-Fifties and only just missed the very top. Her memories of an adventurous life, public and private, are here fastidiously recorded, and recollected not so much in tranquillity as in thankfulness.

Daughter of a stern naval officer father and a strong suffragist (as opposed to militant suffragette) mother, and member of a remarkably united and devoted family, she found herself an exact contemporary at Somerville, Oxford, of her lifelong friend and rival, Evelyn Sharp. Moving up the official ladder together, and in early years sharing home and holidays, they championed women's rights in the public service.

Evelyn finished as the first women permanent secretary, a dame and a baroness, and Alix an under-secretary in the Board of Trade, a dame and the wife of Sir Frances Meynell, publisher, writer and founder of the Nonesuch Press. During the war, Alix had a major hand in the "concentration" of civilian industry and in various rationing schemes. Her move sideways to be secretary of the first Monopolies Commission in 1949 probably lost her the chance of becoming a permanent secretary, also at the Board of Trade.

But what some, though not all, of Dame Alix's Whitehall colleagues knew was that she was also helping to pioneer the permissive society in the private time she had to spare. Reading this book makes one wonder whether it is possible to write, candidly and feelingly, a record of one's own personal and professional life together in one volume. Few have ever achieved it; and the attempt is perhaps best left till after the age of 90, when all the main actors are dead. Dame Alix, though a little short of that target, essays it with unusual skill and comes very near to complete success.

Dame Alix . . . pioneer of the permissive society

She and her circle of close friends, male and female, aspired to live in the spirit of Shelley's famous lines which start with the words: "I never did belong to that great sect . . ." — though Dame Alix here attributes the message to Bloomsbury rather than to Shelley. The whole group, on the evidence of this book, was unusually fortunate in the fidelity with which they each stuck to their principles.

The love of Dame Alix's life was Francis Meynell, as she of his. *Following his divorce they* married in 1946, and after her retirement in 1955 lived together in an East Anglian country home complete with river, pigs, cows and rustic retainers. Even so, both continued to serve on various public bodies for many years. They joined in the Trafalgar Square rally against the Suez invasion as fervently as she had privately opposed Munich 18 years before.

Certainly, this was a full and consistent life. Readers of Dame Alix's story who never knew her will wish they had. And those who did will wish they had known her better.

Douglas Jay

Cold facts behind the hot news

THE WORLD NEWSPAPER INDUSTRY
by Peter J.S. Dunnett. Croom Helm, £30, 275 pages.
GOODBYE FLEET STREET
by Robert Edwards. Jonathan Cape, £12.95, 260 pages.

IT IS difficult to imagine two books supposedly on the same subject — the newspaper industry — which could be so totally and irreconcilably different. The one by Dunnett, the academic, has facts by the reference book-*full backed by solid economic* analysis. But it is totally devoid of any anecdotes that might raise a momentary smile.

The one by Edwards, the editor — indeed, the editor who, it is claimed, has edited more newspapers than anyone else since Caxton — is almost totally devoid of analysis or substance but is chock full of stories about a vanished way of life in the days when "every day was banquet day for most journalists in Fleet Street."

It is as if there are two newspaper industries. One, now becoming an endangered species, is inhabited by larger-than-life proprietors dictating leaders that will shake the foundations of governments for the benefit of editors who spend all their time in the pub boasting of past journalistic exploits, conspiring and being conspired against.

The other newspaper industry, now the increasingly dominant one in North America, northern Europe and Japan, is a serious and profitable business although still potentially vulnerable to growing competition from the proliferating electronic media.

Peter Dunnett has written a comprehensive account of the economic, political and competitive forces shaping the industry round the world in widely different societies. It is worrying to consider, as Dunnett does, that newspapers seem destined to continue to take a smaller share of the growing entertainment and advertising pie; that few competitive city newspapers are profitable; and that, in those parts of the world where the newspaper habit is not already established firmly, it is being bypassed permanently by the electronic media.

The mundane truth about the newspaper industry is that its viability seems to depend more on the hundreds of thousands of young people who get up before dawn to deliver newspapers for below-average wages, and the fact that advertising spending is a tax-deductible business expense, rather than on derring-do editors.

The book contains a useful summary of the course of the newspaper revolution in the UK, although there are curiosities of detail. Robert Maxwell plans to distribute his new presses around the country, not concentrate them in the London Docklands, and Charles Wilson, the editor of The Times, is not normally known as Michael.

Robert Edwards displays the yellowing cuttings of his world with humour and vigour and offers, as might be expected, true confessions and startling revelations. He is contrite about a poetic description of the inside of Sandringham Church on the day King George VI was buried — written as an eye-witness account even though police had barred his entry.

We are indebted to *Goodbye Fleet Street* for the information that Lord Beaverbrook was sometimes given to receiving visitors while sitting on the toilet, but also for the colourful and loving portrayal of an editor's relationship with the larger-than-life proprietor of the Daily Express in the days when Fleet Street really was the Street of Adventure.

The battle of the the Royal Love Train is carefully recreated. Did the Sunday Mirror get it right when it alleged monstrously that Princess Diana visited Prince Charles on the Royal train, parked in sidings in Wiltshire, before their marriage? The circumstantial evidence is very strong despite the Buckingham Palace denial. Does the fact that Robert Edwards got his CBE, despite the lurid splash, clinch it?

Students of the newspaper industry need to read Dunnett. Social anthropologists in search of a vanishing world should seek out Bob Edwards.

Raymond Snoddy

Erik de Mauny discovers that glorious legend has given way to a mood of sober reality

Rodin laid bare

A SCULPTOR'S LIFE: RODIN, A BIOGRAPHY
By Frederic V. Grunfeld. Hutchinson, £30, 738 pages

IT IS difficult at this distance to grasp the full extent of Rodin's fame at the turn of the century. By then, he was not only the greatest sculptor of his age, but a kind of national monument. Celebrities and rich patrons from both sides of the Atlantic flocked to him for portrait busts, beautiful women swooned at his feet, and an entire generation of younger sculptors, painters, writers and poets revered him as a guru. But the path to fame had been hard and stony.

As Frederic Grunfeld points out in this perceptive and meticulously documented new biography, Rodin was into his 40s before he achieved general recognition, and his periodic skirmishes with hostile critics and entrenched bureaucratic opponents continued almost to the end of his life.

This is an important work for several reasons. More than 50 years have passed since the last serious biography of Rodin, by Judith Cladel, appeared. But, although that earlier study was based on long acquaintance with its subject, it glossed over or omitted altogether certain painful episodes, and dwelt more on glorious legend than on sober reality.

In setting the record straight, Frederic Grunfeld has provided much new material and has thrown light on various matters that were formerly concealed or little-known, such as Robin's long-standing affaire with his most gifted pupil, Camille Claudel, now recognised as a brilliant *sculptor in her own right before* she was committed by her brother, Paul, to the first of the insane asylums where she was to spend the rest of her life.

Later, Rodin had an equally torrid affaire with the painter, Gwen John, which also ended badly, when she was reduced to humiliating entreaties to be allowed to see him for an hour or so. He was a great lover of women but, when he lost interest, he tended to dismiss them curtly and without appeal.

On the other hand, it is impossible not to admire his toughness and single-minded dedication to his craft in the face of poverty, neglect and official parsimony throughout the first half of his career. His origins were modest. He was the son of a minor police official in Paris, and he was also short-sighted, although that turned out to be an advantage since it spurred him to develop his acute tactile sensibility. Still, one wonders where his extraordinary gift came from. For years, he devilled for other sculptors. He also worked at the Sèvres porcelain factory just outside Paris, where he experimented with new decorative techniques. By these means, he scraped up just enough of a living to pursue his own revolutionary vision of sculpture, which was far removed from prevailing academic taste.

His first model was Rose Beurvet, by whom he had a son, and she remained his lifelong companion, although, as his fame grew, she dwindled into a shrewish background figure, constantly complaining at his multiple infidelities, and rarely introduced to his friends. He married her in the end, not long before his death in November 1917 at the age of 77.

It was during the long years of his apprenticeship that he developed his amazing dexterity with clay, and the speed with which he worked never failed to astonish his sitters (curiously enough, although he knew all about marble he practically never worked in marble himself, but left it to skilled *praticiens* to produce marble versions of his originals).

But he was also a perfectionist, who sometimes spent months and even years on reworking a particular piece of sculpture, as he did, for example, with his group for the burghers of Calais, or his much-contested statue of Balzac. Indeed, his most grandiose project, the Gates of Hell, initially inspired by Dante's Inferno, was never completed, although a number of his best-known sculptures were developed and enlarged from the myriad small figures that thronged that huge, unfinished work. In the end, he was heaped with money and honours and made many friends abroad, notably in England, which he visited frequently.

Although in his last years he veered towards the simple, pure lines of Greek statuary, his main source of inspiration was the human form, especially the female form. Indeed, he eventually amassed a vast collection of small clay models of the female anatomy, which he would fondly show to privileged visitors, and which led some critics to claim he was afflicted with erotomania. No doubt, there was some truth in such claims, but they left Rodin quite unconcerned.

On the other hand, he was concerned by the lack of comprehension of his old companion, Rose. To Lady Sackville, he once remarked, towards the end of his life, "I was the sculptor of women, of love, *de l'idéal, but she* never understood."

Fiction

Deadpan horrors

OUT OF THIS WORLD
by Graham Swift. Viking, £10.95, 208 pages.
A SPECIAL KIND OF NIGHTMARE
by Paul Geddes. Bodley Head, £10.95, 224 pages.
PRAYING MANTIS
by Domini Taylor. Hamish Hamilton, £11.95, 240 pages.

A FATHER who won the VC and lost an arm doing so is bad enough, Harry finds. That he was also the biggest armaments-maker in Britain makes it worse. And that he was blown to bits by terrorists compounds the difficulty of being his son — the sense of guilt, inadequacy, shame. To be proud of him, or ashamed? To feel small by comparison, or to challenge him morally for the weapons he made, the wars he kept going?

Harry has become a photographer specialising in wars and disasters. When *Out of This World* opens, the aerial photography he learned over Dresden and Berlin is being used to explore landscapes for archaeological purposes, reading the fields for lettering from the past. Meantime, in New York, another sort of archaeology: on the psychiatrist's couch, his daughter, Sophie, is digging into her past.

Swift is a novelist of ideas and places, rather than people: his *Waterland* showed what he could do with landscape. The characters in *Out of this World* are representations, rather than living beings: the hero of two wars with his gentle, gentlemanly presence and flawed morality of violence; Harry, who seems merely the reaction of our time to such attitudes; and Sophie in shrinkland, the modern woman with her easy acceptance of adultery and four-letter chit-chat. Yet, the ideas have urgency and, when used by Swift in a setting that spurs him, achieve immediacy and tighten the sprawling plot. A wide acreage doesn't suit him, though. The atmospheric *Waterland* remains the more memorable novel.

Graham Swift . . . better on ideas than people

A grossly fat butterfly buff, a devout Roman Catholic, a widower: Ludo Fender in *A Special Kind of Nightmare* seems an odd choice for hero and detective. The surname suits him: since his wife's death in childbirth, he has been fending off life, relationships, closeness to pretty well anything. His physical disarray reflects a spiritual mess, an aching loneliness. He is vulnerable and brilliant, inclined to drink, a loser.

The Bureau, where he once worked, an official body on the border between politics and intelligence, turns up some odd confidences involving murder, bondage, AIDS, top dogs in politics, and a louche underworld of power, sex and money. All a long way from butterflies and Catholicism, but Fender lumbers along to discover through deduction what's happened. A sympathetic soul, rewarding to know, you feel; and Antonia, for whom he pines, is equally, if more conventionally, likeable. For both the end is open — hopeful rather than happy. And though the mysteries are all solved, the prime mover behind them goes scot free. And somehow you believe that, too. This is thriller material but the treatment is far from thrillerish, more an entertainment in the Greene-like sense.

Victoria in *Praying Mantis* gobbles up lovers and husbands, like chocolates. With money, servants and a luxurious lifestyle, she wants a social position and, above all, a son. Multiple murders have got her where she is, and there seems no reason why they shouldn't continue.

Praying Mantis is a deadpan book, unshaken by the horrors it recounts. Explaining each step in terms of Victoria's own idea of herself and others, it has a chilling logic. Of course, the doting uncle must be pushed to his death when he has served his purpose. Of course, when their son dies, her husband, too old to sire another, must make way for a younger one. And, of course, daughter Lottie, being a girl, warrants no attention at all, and the man she is engaged to, being suitable husband material, must be seized the moment he sets foot in Victoria's house . . . Ditto the next one, similarly engaged to poor Lottie.

The social detail of today's London — the rich and the scruffy — is extremely neat and recognisable; Lottie's squats and squalour, Victoria's plushy world. But it is the cold, fiercely funny logic of Victoria's thinking that gives *Praying Mantis* the edge over plain tales of moral turpitude, almost recalling the classical cleanness of (say) the *I Claudius* books.

Isabel Quigly

Crime

A joke that wears thin

GREEK GIFTS
by T.J. Binyon. Hamish Hamilton, £10.95, 200 pages.
THE SILVER GHOST
by Charlotte MacLeod. Collins, £9.95, 200 pages.
A WORM TURNS
by Arthur Douglas. Macmillan, £9.95, 170 pages
THE STALKING HORSE
by Jill McGown. Macmillan, £9.95, 186 pages
MURDER TAKES A PARTNER
by Haughton Murphy. Collins, £9.95, 224 pages.

WITH HIS first thriller, *Swan Song*, the respected critic T.J. Binyon demonstrated that he can practise what he preaches: the book was exemplary. And after that enviable debut, now he has produced a second novel of equal merit. This time the setting is, to a large extent, Greece, but local colour is applied discreetly. There are also some effective scenes in Oxford, London, the Norfolk country. Against these settings, a personable protagonist encounters some plausible conspirators and, happily, an attractive, convincing girl. Swift pacing and sapient mixture of the necessary ingredients should guarantee another success.

Sarah Bitterson, nee Kelling, the recurring heroine of a series of novels by Charlotte MacLeod, began well: a plucky widow who ran a Boston boarding-house with some eccentric guests, with mixed reactions from her stuffy family. Now in *The Silver Ghost* the family, also rich in eccentrics, has taken over; indeed, it has got out of hand, and the reader could have some difficulty sorting out all the cousins and aunts. The reader might also get fed up. The joke is wearing thin, and this tangled product will appeal only to Sarah's staunchest fans.

A Worm Turns is a neat, professional job (by Gerald Hammond, under another name). Army officer Jonathan Craythorne, urged on by his scapegrace aunt, hurtles off to Scotland on another quest for money, this time — and encounters an explosive mixture of goodies and baddies. Plenty of suspense and plenty of action, in stripped-down, no-nonsense prose.

In *The Stalking Horse*, a paroled convict comes home, determined to find the real perpetrator of the murder for which he has spent 16 years in prison. Before he can discover — and kill, as he plans — the guilty party, he meets the beautiful Jan, who becomes not only his partner (and, finally, lover) but also the voice of reason. At the beginning, the frequent flashbacks are somewhat bewildering, but soon the narrative acquires a good, pressing pace; and the central characters are persuasive and engaging.

Reuben Frost, retired lawyer and occasional investigator is married — as Haughton Murphy fans will recall — to a former ballerina, now a director of an important ballet company. Its brilliant but despicable choreographer is killed, and in *Murder takes a Partner* Frost, with his friend detective Bautista, has to rattle many skeletons in many closets. Another stellar performance.

William Weaver

ARTS

Jane Eaglen as Santuzza

Black Country tragedies

Andrew Clements reviews the ENO's revival of Cav & Pag

IAN JUDGE'S staging of the perennial verismo double bill for English National Opera was first seen in 1986, and on Thursday at the Coliseum was revived for the first time. Judge himself has supervised its return; part of the cast for *Cavalleria Rusticana* is the same as before, that for *Pagliacci* entirely new. Michael Lloyd conducts both works.

Judge's achievement in this staging has been to make thoroughly interdependent and internally coherent two works whose only kinship is their undisguised emotional manipulation of tawdry stories. 19th-century Italy has been transported to post-Industrial revolution England – Nottinghamshire or the Black Country, Arnold Bennett or Lawrence? – to a community dominated by its coalmines, in which muck and brass coexist happily. As the careful social delineation makes clear, these are now tragedies of the emergent middle class (Turiddu is an officer, Alfio a *nouveau riche*, while the actors of *Pagliacci* are class-less).

Some details chafe against the transposition – one can't imagine ear-biting as standard behaviour in Victorian England, or that crimes of passion would have been so readily conceived. Perhaps too the librettos should have been doctored accordingly (references to "wine" changed to beer, for instance). But the way in which the pairing is placed firmly in a single society, and the careful observation of that society, complete with its glorious send-up of Victorian religious kitsch in the Easter Hymn of *Cavalleria rusticana*, is thoroughly satisfying. The appearance of Alfio, complete with minders and gilded chair, in the audience at the end of *Pagliacci*, is the final, dovetailing touch.

All this detail is crisply presented in the return, with the chorus drilled with distinction throughout. Jane Eaglen's frumpy, complex Santuzza is a splendidly complete portrayal, Arthur Davies's Turiddu, weak, terribly credible, and Jacek Strauch's oleaginous Alfio have been convincingly slotted into the scheme. Jane Turner is scheduled to sing Lola throughout the run, but on the opening night she was ill, and the part was taken by Jady Pearl, a nicely turned cameo of vapid helplessness.

In *Pagliacci*, however, the casting takes on an altogether sharper image, led by Malcolm Donnelly's baleful, cleanly articulated Tonio and Alan Woodrow's pliable Canio. Angela Feeney's Nedda, Alan Opie's Silvio and Anthony Mee's Peppe complete a thoroughly integrated team. Michael Lloyd conducted a lumpish *Cav*, but settled into the smoother constructs of *Pag* with greater assurance. Without pretending to understand the continuing popularity of this ill-assorted pair of third-rate operas, one can at least report that ENO continues to offer genuine insights upon them, and that in the verismo world at least, it is still jealously rather than love that makes the world go round.

Susan Moore reviews the first exhibitions of work by an unsung contemporary of Chippendale:

Bullock: the Hawksmoor of cabinet making

NAPOLEON WAS not consigned to the oblivion of a damp and dreary bungalow in St Helena after all. One of the many curious facts to emerge from this extraordinary exhibition is that the Prince Regent, determined against all Parliamentary opposition that "the modern Themistocles" be treated with due respect, ordered a 24-room prefabricated house to be shipped to the exiled emperor.

The commission, some 500-tons worth, was consigned to "one of the most tasteful and ingenious artists of the Metropolis" and was to comprise "every species of furniture, linen, glass-ware, clothes, music, and musical instruments, which Buonaparte and the whole of his suite can possibly want for a period of more than three years." Napoleon was too ill to move into the long-since demolished New Longwood.

How was it first discovered that George Bullock (1782/3-1818) was Napoleon's supplier? From an Eisteddfod prize essay of 1833, hardly the first place to turn. Clive Wainwright, Lucy Wood, Martin Levy and Timothy Stevens have proved assiduous and astonishingly fortunate sleuths. Since the decision to hold a joint Bullock exhibition at Blairman's, London and Sudley Art Gallery, Liverpool three years ago, their researches have more than doubled the corpus of work previously given to the undeservedly neglected Mr Bullock. Here he is unveiled as a sculptor, an interior decorator and a designer of furniture, ceramics, metalwork and textiles.

This is the first major exhibition in this country devoted to a British cabinetmaker. (English furniture, unlike French, is rarely signed and the problems of attribution are enormous.) Even the illustrious Thomas Chippendale has only been the subject of a small show, at Temple Newsam in 1979. The less famous Bullock is in many respects a more interesting figure. Unlike Chippendale he was an artist rather than a craftsman who *designed* the furniture that came out of his workshop. Unlike him too he was completely forgotten within two generations of his death.

Bullock began life in Birmingham, and later Liverpool, as a modeller in wax and rice-paste – his mother had a waxworks museum *à la* Tussaud. What characterises or rather sets apart Bullock's furniture is his sculptor's sense of mass and drama, perhaps unprecedented in the history of furniture. He breaks all the rules. He had no formal artistic training to hamper him. He plays around with Classical orders, boldly cuts off corners, and emphatically recesses or raises sections of a cabinet where he pleases. His mastery of flat pattern was unequalled before Pugin and Owen Jones. He can combine successfully an extravagant profusion of pattern and colour and texture – figured woods, ebony, brass, marquetry, marble slabs and scagliola – only because his use of mass and material is so disciplined. This mixture of bravura, monumentality and control makes Bullock's furniture the most exciting I have ever seen. He is the Hawksmoor of cabinetmaking.

Contemporary commentators repeatedly talk of Bullock as having improved the taste of the nation. What he was attempting was more ambitious still (and prefigured a major preoccupation of the Victorians). He wanted to create a distinctive and recognisably British style. This is apparent even in 1805 in his albeit eccentric design for an unbuilt monument to Nelson. Foregoing tired Classical allusions, he presented contemporary metaphors "for British courage, fortitude, and glory."

British style depended too on the use of indigenous materials. Bullock would have known that the British blockade had made the use of native woods and marbles fashionable in France. He shrewdly publicised his use of British woods – which no doubt appealed to the nationalism of his fellow countryman. It particularly appealed to the likes of the "Planting Duke" of Atholl for whom Bullock made both grandiose Boulle-style cabinets from larch grown on his Blair Castle estate and a tripod table from ducal bog oak (what a waste). The yew for Sir Walter Scott's cabinet came from the park of one of his friends. This was made, most appropriately, for one of the casts Bullock made from the Shakespeare bust at Stratford.

J. Allen's portrait of George Bullock with his bust of Henry Blundell

Bullock also prided himself on his use of native flowers for ornament. We see the Classical thyrsus transformed using English hops rather than Roman grapes on a pair of cabinets that are the highlights of the show. They form part of a suite made for the Duke of Palmella, several times Portuguese ambassador to London, which only appeared last year in the London trade.

His greatest coup, however, was the acquisition of a limestone quarry in Anglesey which he cleverly promoted as the Mona Marble Works. Mona is the name the Romans gave to the isle, and it proved expedient for Bullock to subscribe to the theory that this was where the Romans had quarried their famous *verd antique*. Mona marble appeared on the grandest of Bullock pieces, though the material was not marble at all but serpentine.

Bullock did not confine himself to elaborate Boulle-style pieces striking for their counterpoint of premiere – and contre-partie. On show too are examples of the suite of middle-range furniture he made for Matthew Boulton at Great Tew, only discovered last year and sold by Christie's. The complete set of bills survive for this last Bullock commission and reveal the extraordinary range that the Bullock workshops supplied, from upholstery to strikingly bold ochre and orange chamberware originally intended for Napoleon, but not sent because its decoration was considered too redolent of victor's laurels. The oak and holly commode stool with its emphatic finials show the tremendous masculine power and presence of even Bullock's most simple pieces. The en suite wardrobe could almost be 20th century (so much so that the restorers at Birmingham City Museum have seen fit to virtually strip it).

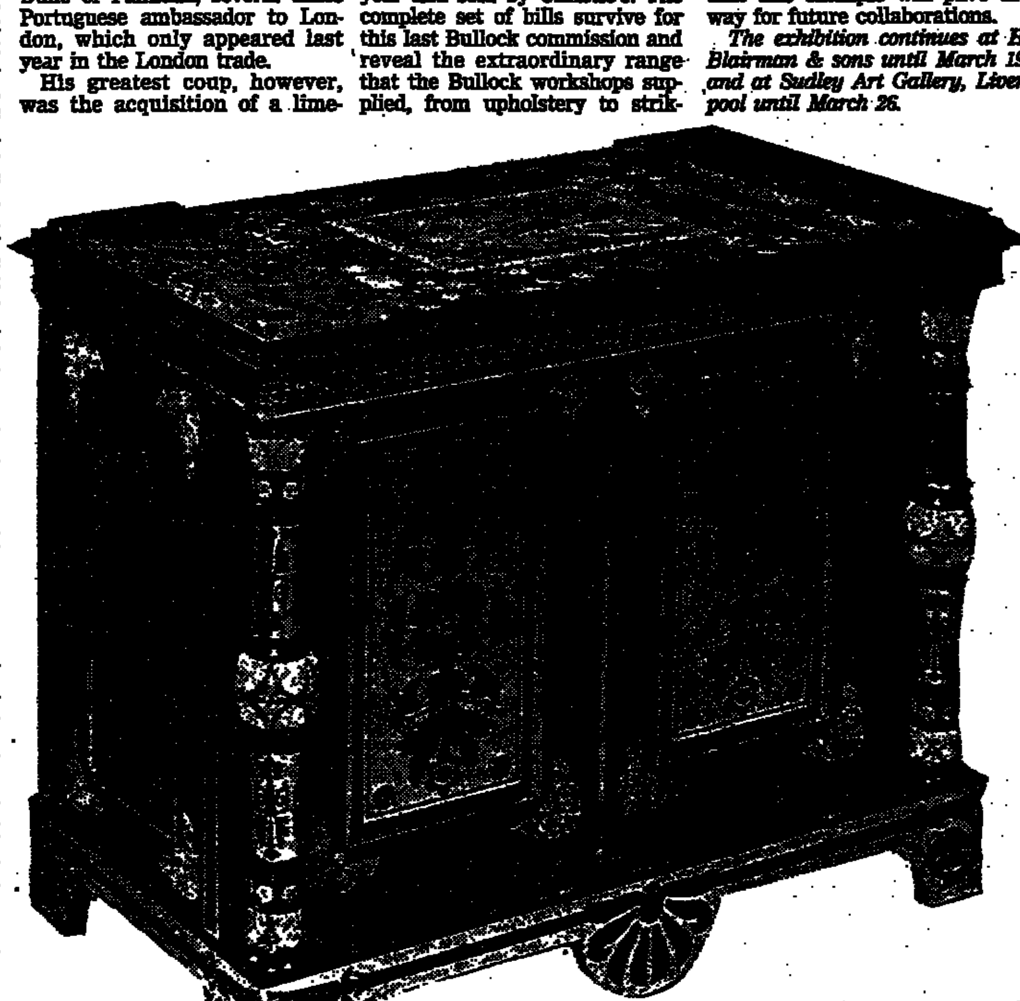
While 85 per cent of the furniture produced by Bullock was in the neo-Classical or Grecian style, he also designed "Old English" and Gothic furniture. But the greatest surprise of the exhibition is to discover that Bullock was in the vanguard of the antiquarian movement. He designed the "medieval" hall chimneypiece at Speke Hall and ingeniously restored its 16th century carved panels. He also concocted a series of armouries, including Scott's at Abbotsford.

Last year the "armour" with which he baronialised the hall at Cholmondeley Castle in 1805 was discovered in the castle attics. The helmets, shields and spears which Bullock incorporated in his marshal trophies are neither real armour nor metal, but painted ceramic. Armour was in no short supply, but the idea of creating his own for this decorative scheme obviously appealed far more to him. Restored and remounted with new wooden arms, the coloured and gilded trophies are among the highlights of the Liverpool show.

Here the display concentrates on Bullock's early career in Birmingham and Liverpool, while Blairman's claim to focus more on his London career and Napoleonic furniture. In fact, the division of exhibits proves to be well-balanced, and where possible pairs have been divided. Liverpool has generously given up Joseph Allen's portrait of the charismatic sculptor.

The project – and its model catalogue (Blairman's/Murray, £15) – is the fruit of a remarkable collaboration between museum and commercial gallery, a fact recognised by the Museum and Galleries Commission which has organised government indemnity for the Blairman's show, a dealer's first. Let us hope that this example will pave the way for future collaborations.

The exhibition continues at H. Blairman & sons until March 19, and at Sudley Art Gallery, Liverpool until March 26.



One of a pair of Boulle cabinets with Mona marble slabs and scagliola panels, made for the Duke of Abercorn, 1817

Theatre

Life of a Night John

Ray Johnson

THE "NIGHT John" is what the manager of the Oasis, a hotel full of plastic palms, calls the night porter in this première production at the New Victoria Theatre, Stoke on Trent. The new appointee to that office thinks it disrespectful, but we soon see that he has been taken on with a certain reserve. "I don't want to know about your past life," the manager said on engaging him; but Peter Terson, who wrote this play has other ideas.

We soon learn that this night John has been in the hotel business for 40 years, has managed smart hotels, learnt about wine in Paris from an expert, can talk expertly with the chef, knows every subtle point about dealing with customers, under-managers, head-waiters, barmen, odd job men, the lot. He is even a virtuoso of the telephone exchange.

However, he is now a night porter, and not only does he know these things, he knows what instructions the manager has given him, and it is in the way that he carries them out that he shows his hotel experience. He is perhaps a trace too lavish with the cheap cooking wine that is all he gets to drink with his midnight snack, but he carries out his hourly visual checks properly at 2 am and 3 am, accompanying them with scathing comments about his employers.

But about half past two, a restless American guest, unable to sleep, comes to chat. She demands a miniature brandy or two, and invites him to join her. After she has left, he continues to indulge, so when, at 4 am, he is due for his visual inspection, he says "Sod the visual inspection" and remains relaxed behind his desk.

At five o'clock, when for him the night is over, he claims triumphantly, "I've come through!" – and only now do we know the true nature of his troubles. He has been in prison for having stolen from hotels when he was a manager, and everyone from judge to prison officer has told him that he will not be able to hold a job in a hotel again. But he has, he tells himself, and even when the manager, aroused by his self-congratulation, comes down to sack him, he continues, loud and proud, with his claim.

Peter Terson did a stint as a "night John" when he was preparing this charming single-hander, and the detail is as convincing as the words are enjoyable. Ray Johnson, with a bow tie and a red tailcoat, plays it in the New Vic's *studio* theatre, the Stephen Joseph Room. On a stage with a porter's desk at one end and a row of palms upstage, he gives an able performance that goes on non-stop for some hour and a quarter. Alan Williams is the director.

B.A. Young

Radio

Films for Four

SOUNDTRACK IS the BBC's name for what it inscrutably calls a series of ten "films for radio" (Radio 4, Wednesdays). Try to guess what a film for radio is, and you will probably be wrong. The first one last week ("A Lone Voice") was an illustrated monologue by Glyn Worsnip, a broadcaster for radio and television, who has contracted a cerebellar syndrome, an affection of the cerebellum, the balancing machinery in the inner ear.

This not only leads to irregularities of movement, but to defects in speech, difficulties with close groups of consonants, a slurred delivery – handicaps for radio and television alike. We heard some of these vocal faults in recordings. The only cure suggested was to get a different job. This was not a medical programme.

The next *Soundtrack* was absolutely different, a night at the police Headquarters at Longsight in Manchester, a fly-on-the-wall job where we overheard the office end of break-ins, gang-fights, motoring offences, a girl in a telephone-box wearing only a T-shirt and socks, and the rest of a Saturday night's affairs. The police sounded patient and polite. Someone labelled a Pakistani family "such devious people," very racialist of him; a constable in a van with some noisy subjects twice said "Put the cigarette out," and then, "You WILL put the cigarette out." Except that there was no plot, it was all like a television police film.

Next Wednesday we shall hear about a stripper touring the pubs and clubs of the north-west. What we really have, it seems, is a series of features no different from other features. I felt sorry for Mr Worsnip, I was more delighted by the police evening than I suspect the police were, but this really does look like a series of odds and ends.

Serialitis is spreading to Radio 3. The expedition of the Athenian fleet against Sicily in BC 415 is being presented in six parts, though not weekly parts – the first two came on Wednesday and Thursday. The script comes from Thucydides, a tribute to whom opened the first part. Thucydides had a way of re-inventing speeches that he had heard, and there is a dramatic quality to what is fundamentally a series of readings from Rex Warner's translation.

The first part begins with the opposing speeches by the generals, Nicias and Alcibiades, the one against the action, the other eager for the chances of fame and profit. Action starts in the next piece, where we hear about the Greeks' strategy as they manoeuvre their great fleet, 134 triremes and two 50-oar ships, and about the reactions of the Syracusans at the threat of invasion. Before serious engagement has begun, Alcibiades is called home to face charges of complicity in the desecration of sacred mysteries, but slips his escort and goes into exile.

There is less action and more sensitivity than in Radio 3's other serial *(Whose is the Kingdom?)*. The quality of Rex Warner's writing and of the reading by Edward de Souza and others is grand, and Donald Bancroft has arranged the text so as to keep a dramatic current flowing. John Theocharis directs, with the usual kind of music that goes with ancient Greece.

On the previous Sunday, Radio 3 helpfully gave a programme about the trireme built by professor of Greek, John Morrison, and a naval architect, John Coates. This was 38 metres long by 5.3 metres broad and was rowed by 170 oarsmen. Like the Greeks of the fifth century, these were all freemen, no slaves or convicts.

I liked Tuesday afternoon's 30-minute play on Radio 4, *Sitters* by Mike Roden. Barbara (Jackie Smith-Wood) applies to join a baby-sitting circle run by Celia (Claire Faulconbridge). Celia's husband is a radical sociologist who is using the circle as material for his Ph D, and has made so many socially disturbing experiments on them that Celia uses her own socially disturbing experiment on him, leaving him dead. But the other members of the circle will help . . .

B.A. Young

Records

Busoni's air on a piano

The major piano works of Ferruccio Busoni, played by Geoffrey Douglas Madge; 6 CDs; Philips 420 740-2.
Piano works of Carl Nielsen, played by Mina Miller; 2 CDs; Hyperion CDA 66231-2.

THESE TWO boxed sets of compact discs are a monument to the archival spirit of a technological age. The Busoni collection affords 6½ hours of playing time devoted to virtually all his (frequently daunting) music for solo piano: it's surprising and perhaps regrettable that the concerted and other (immature) piano works haven't been thrown in as well. Nielsen's output for the piano (all of it solo music) is a more manageable quantity – almost exactly two hours' worth – and fits comfortably on to two CDs; yet there is an insistence in serving up the indifferent whole of it here which is peculiarly contemporary.

Busoni (1866-1924) remains an essentially unassimilated figure: something timeless, remote and private about his art defies categorisation and alienates many people. Those who are engaged by the music inevitably become its partisans; but those who are not tend to leave it alone rather than become hostile, finding it more bland and insipid than offensive.

I have so far been in the latter group, and the experience of working through these discs has left me only slightly better disposed to the composer. Blandness really is endemic to the *oeuvre*, whether Busoni is being quiet and rarefied or clattery and virtuosic. There is a perennial failure to create interesting and fully focussed ideas, to turn a phrase in a memorably, even if fortuitously, idiosyncratic way. The structures often groan under the weight of merely accumulated sections, and the improvisatory character that is basic to the composer's notion of both expression and form becomes wearisome.

And yet there are some extremely beguiling moments during these piano hours; while pursuing Busoni's theoretical ideas through his music can be absorbing. He is famous for the declaration "Music was born free, and to win freedom is its destiny" in his manifesto-like *Sketch of a New Aesthetic of Music* (1906), and the feeling of liberation from formal and tonal constraints, the sense in which (as he put it) all music is a transcription – ultimately from nature – and the corresponding impression of music as pure Aeolian harp-like occurrence are all to be gained from his piano works, albeit that the music's very unfetteredness is often the key to its blandness. (Keyboard improvisation is almost always soft-centred and *matte*; indeed, in my experience, if it doesn't sound like Messiaen, it sounds like Busoni.)

Busoni's historical importance is elusive, though real. His desire to "free" music found a vicarious fulfilment in some of the quirkier musical experiments of his pupil Percy Grainger, while an imposing work (if one of undecided quality) like the enormously long, diverse *Passacaglia on DSCH* (1960-62) by Ronald Stevenson owes everything to Busoni, as doubtless Kaikhosru Sorabji's *Opus Clavicembalisticum* (1929-30) does too. But in general his libertarian legacy has been widely dispersed; little bits of it crop up all over the place, and it is intriguing to find Peter Maxwell Davies in his recent music exploiting just the sort of methods for expanding tonality (scales underpinned by irregular tonics and dominants) that Busoni recommends in his *Sketch*.

Busoni's piano music impressively refers both back to Liszt and Chopin and forward to . . . everybody. He stepped several times into the unknown waters of atonality (in the *Elegien* of 1907, and decisively in the compelling *Sonatina Seconda* of 1912), pre-empted some of Messiaen's metrical freedoms, and was an important presence behind the neo-classical movement (a much more integrally "back to Bach" figure than ever Stravinsky ever). But it is not for the experiments, in the end, that one values him, so much as for the simpler, charming, quietly transfigured inventions such as the familiar *Sonatina* (1910) or the *Sonatina super "Carmen"* (1920).

Other works, not so far mentioned, to which I would draw the prospective listener's attention are the *Indianisches Tagebuch* (1915) – no doubt a favourite of Grainger's – the *Sonatina in diem nativitatis Christi* (1917), the *Toccata* (1920) and, of course, that great act of Bachian reclamation, the *Fantasia Contrappuntistica* (1910).

Geoffrey Douglas Madge gives the latter in its solo version: all the more impressive when the difficulty of the composer's two-piano version is taken into account. Madge's fingerwork is fairly phenomenal, and he easily gets round the most complex figurations of notes in these pieces (though his hands are evidently small, and he has to spread numerous chords). There is passion in his playing, brio, and intellectual strength, but, alas, remarkably little poetry or cajolery. The tone he produces is consistently hard, his approach consistently brash, and his care for dynamic graduation and the subtlest phrasing consistently insufficient. One longs in vain to be seduced by him into the mysteries of a new piece; one often gives up on him disgruntled. Philips's presentation of the boxed set leaves something to be desired. We get three copies each of two booklets in four languages, so five copies are instantly expendable: while to find the CD band numbers we are obliged to examine the discs themselves.

Mina Miller's performances of a body of music which she has made her own are generally persuasive: she convincingly expounds Nielsen's one really outstanding piano piece, the *Chaconne* Op. 32 of 1916, though somewhat sacrificing sonorous density in it to linear flow. The little known *Symphonic Suite* Op. 8 (1894) turns out to be an arresting and quite haunting early exercise in "progressive tonality," its thick galumphing diatonic chords and contrasting passages of flowing plangency are unmistakeably personal. The *Three Piano Pieces* Op. 59 from 1928 have their interest – the writing in the first watery and harp-like, the third marking an early and surprising use of tone-clusters (here in the bottom register). *The Dream of Merry Christmas* (1905) is a fetching two-minute Nordic distillation of "Silent Night." Overall, the pieces create an impression of originality and raw power.

Paul Driver

Chess No. 714

1 . . . RxB; 2 PxR, R-N1 ch; 3 K-R1, N-Q5; 4 NxN (otherwise B-B3 and BxKBP ch), BxN; 5 P-KB3, B-QB3; 6 Q-K2, Q-N4! (so that if 7 QxQ, BxP ch) 7 P-B4, QxBP; 8 Q-Q1, QxR ch; 9 QxQ, BxP ch; 10 QxR, R-N8 mate.

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WEEKEND FT

SPORT

Golf/Ben Wright

For Crenshaw, the game's the thing

IT IS very difficult to remain impartial when certain players are winning tournaments and championships, regardless of one's personal relationships with them. One likes them to win because, although it seems trite to say it, they are good for the game.

So, when Ben Crenshaw won the Doral Ryder Open in Miami last Sunday, there was general rejoicing and a huge television audience, the latter boosted in no small part by the fact that Jack Nicklaus was also in contention going into the final round.

Crenshaw is revered here in America, and perhaps even more so in Great Britain, because he is a notable golf historian with a complete reverence for the game's traditions and integrity.

The tragic aspect of this observation is that "Gentle Ben" sticks out like a sore thumb among a generation of American players to whom golf has become nothing but a very ruthless and lucrative business, and most of whose personalities are about as exciting as cotton wool.

In stark contrast, to Crenshaw the game is still the thing, as the cliche goes. The fact that he won $180,000 of the $1m purse was of scant significance to him. The fact that he had played Doral's "Blue Monster," as this magnificent, water-strewn course is known, in a terrific duel that came down to the final putt, was all important to Crenshaw.

He played the course, with its abundance of lakes, in 66 shots with six birdies and no bogeys to edge out two previous dual winners of the event, Mark McCumber and Ray Floyd, as well as Chip Beck, the winner the previous week of the Los Angeles Open. That he had birdied the 18th hole, renowned as the toughest finishing hole on the United States tour, was icing on the cake because he had disastrously hooked his drive into the lake the previous evening.

As Crenshaw told me in the first flush of victory: "The renowned architect, Dick Wilson, never built a better course than this. And what makes winning even sweeter is that my name goes alongside the likes of Billy Casper, Doug Sanders, Nicklaus, Lee Trevino, Tom Weiskopf, Floyd, Lanny Wadkins, and the only three-time winner, Andy Bean, on the trophy – pretty fast company."

Ben Crenshaw: just happy to play the Blue Monster

Crenshaw's friend and playing partner, Floyd, drove into the right rough at the 18th, could not reach the green in two, and finished with a bogey in fourth place, two strokes behind the winner. Then, Crenshaw could not bear to watch, as first McCumber, and then Beck, had long birdie putts to tie him. Both failed to hole them, thus finishing tied for second place.

One has come to expect respect for tradition from the older generation, players such as Arnold Palmer, Nicklaus, Gary Player, Trevino, and Floyd. But I doubt if I would need the fingers of both hands to count those in Crenshaw's age group – he is 36 – who share his reverence for its rich history. As for the battalions of American youngsters on tour, well, the fingers of one hand might prove sufficient, although that might be unduly cynical. Certainly most of them are money-mad to the exclusion of all else.

In running down the top ten on the 1987 money list, Curtis Strange, the leader, has chosen not to play in the Open Championship in recent years. Strange is a good family man and a decent human being. But I find myself hoping vainly he will not win tournaments because he puts money above major titles.

In 1985 he won a then-record $542,321 and last year another record $925,941. But, when he hangs up his spikes, I am sure the fact that Curtis has yet to win a major title may return to haunt him, although at 33 time is still on his side. No professional worth his salt should pass up the chance of winning a major championship, when playing at the height of his powers. Those opportunities do not last forever.

In second place in 1987 came Paul Azinger, who is blameless because, with no previous foreign experience, he had the good sense to play in the Open Championship at Muirfield. He has only himself to blame, as he freely admits, that he failed to win it at the first attempt. But he revelled in both the event and its surroundings.

Crenshaw was third on the 1987 list. But US Open champion, Scott Simpson, fourth, is another who incurs my wrath for having the temerity to say – on winning the premier championship of his country, if not the world, – that he is only out on tour to make a living for his family, or words to that effect. Can you imagine the tears of joy runner-up Tom Watson, fifth on that money list, would have shed, had he managed to have beaten Simpson at Olympic Club in San Francisco to end a painful three-year winless streak?

Larry Mize, the US Masters champion, and his Augusta victim, Greg Norman, finished sixth and seventh, respectively, in 1987. Mize competed with distinction at Muirfield, but, like the other three 1987 major title winners, he is hardly exciting to watch. Neat, definitely, but a pale shadow alongside the explosive Australian Norman. Who would you root for?

Tom Kite, eighth in 1987 earnings, will give you a run for your money practically every time he tees it up. But a man who turned professional in 1972 and has still won only ten tournaments and no major titles has surely got to be more interested in money than actually winning. Beck (on ninth), a good friend of mine, who has just broken through in Los Angeles after seven agonising second-place finishes in ten years, has the ability to become a super star. But whether or not he has the inclination remains to be seen.

If Beck does not play in the Open Championship this year at Royal Lytham, I shall be bitterly disappointed, but hardly surprised. As for Mark Calcavecchia (tenth), the jury remains out. But this final trio are not what you might call earth-shattering in their impact on the public. Pedestrian might be a better word, for all their obvious ability. And this is the top of the list.

There are many youngsters further down who may well imagine that Vardon, Braid and Taylor are prominent New York City lawyers, and Walter Hagen is a brand of Scotch whisky. These are the youngsters who bring their briefcases to the tournament site, while the caddy shows up with the clubs. I only hope the increasing riches on the European tour do not breed a similarly anonymous generation of journeymen to whom the money, rather than tradition and major titles, becomes all-important.

Michael Thompson-Noel in Bangkok

Money mad. Your average Thai is besotted with baht

SYBARITES GET a jolly square deal in Bangkok, what with the general air of sensuousness and all that wiggling and jiggling in Patpong.

However, coy souls among you may like to know that one of the Thai capital's most innocent pleasures is procurable at virtually no cost at all – namely, the excursion into the wonderful world of Thai sport that is provided each morning by Bangkok's English-language newspapers.

To dip in and out of the Thai sports pages is to rediscover a lost era of heroes and heroines, of vigour and valour and of bravery under fire. Nastiness and petulance simply do not arise.

What is more, these excursions can be marvellously instructive. For instance, I hadn't realised how besotted with money the Thais are until encountering the last-day coverage of the recent Toyota Masters golf tournament, won by 21-year-old Thavorn Virachant with a seven-under-par 281 at the Royal Thai Army course.

The Nation told us that the Masters was worth 350,000 baht (about £8,000), and that Thavorn had won 60,000 baht. But that wasn't the end of it. Since turning professional last December Thavorn had won a total of 230,000 baht, including 30,000 baht in the Galant Lancer tournament, 22,000 baht in the 300,000 baht Singha Beer Open, 40,000 baht in the 200,000 baht Rak Khun Thao Fah event, and then 60,000 baht in the 300,000 baht National Open at Khonkaen.

What was more, his schedule included the $150,000 Malaysia Open and then the "1,000,000 baht" PTT High-Octane Championship, also at the Army course (March 9-12), where the first prize is 100,000 baht.

I was still recovering from this overdose of baht when I was plunged into the "sensational news" that "five yesteryear soccer greats" would perform in a five-a-side indoor tournament in Bangkok on April 10, including Kevin Keegan, the "once fabulous" George Best and Pat Jennings.

According to a spokesman for BP Promotions, which is co-organising the tournament, indoor soccer could be the for a big lift-off in Asia, given that there is action all the time,"

Thais take wing

including "dribbling, ghosting past players, feigning passes, selling dummies, accuracy in kicks – all are part of the action."

But what about the baht, I wondered. I need not have worried. "The winning team," said the *Bangkok Post*, "will be awarded a first prize of 60,000 baht, the runner-up 30,000 baht, the second runner-up 20,000 baht and the fourth-place getter 10,000 baht. The next three teams will receive 5,000 baht consolation awards, while the best local player will get a prize of 10,000 baht."

A few stories are free of baht. For instance, the Amateur Athletic Association of Thailand, I read sorrowfully, may well feel obliged to drop its women's team from the Seoul Olympics if the three athletes concerned do not make the grade. One is unwell, one is suffering from "heel pain," and the third "may not mature" in time.

Thais are mad keen on boxing. In the *Post's* Sports Star of the Year poll, the current leader is world flyweight champion Sot Chitalada. Five of the top 20 places are at present held by boxers. Seconded is golfer Thavorn Virachant. And third is the "beautiful deadeye" – Olympic shootist *Thiranum Jinda, hailed as* the queen of the South East Asian Games firing range in Jakarta last September.

Soccer is also immensely popular. But what sports readers of Bangkok's English-language papers actually get is an awful lot of golf. Hence the unbearable excitement at the start of the recent $50,000, three-day Kosaido Asahi Thailand Open, part of the 1988 "Ladies Asia Golf Circuit."

"*Lady pros wing into city next* Monday," promised the *Post*, adding: "The interest this week will captivate those who like their golf laced with more than the usual touch of the exciting, and with so many good lookers around, there will be more than a mere touch of the aesthetic as well."

And wing in they did. On their arrival, the *Post* explained that "some faces were new, many were old. Some beamed charming bright smiles. Some looked tired and morose." But Britain's Beverly New was "*sporting a winning smile*," and Australia's Elizabeth Wilson was simply "beautiful."

At the end of the first round, Britain's 22-year-old Suzanne Strudwick – "winless as a pro, only a second-place as an amateur" – had nudged into the lead, "magnetting" a two-foot birdie putt at the 11th and finishing with three rousing birdies in a row.

Everyone was having a splendid time. "Even those who finished behind said they loved the course . . . They also poured praises on the organising committee. Japan's 'ace' Fusako Nagata was struck down with diarrhoea but recovered quickly thanks to the swift medical attention given her."

By the end of the second day things were hotting up. Strudwick was still in the lead, on 139, but had been joined by Australia's Karen Lunn, a 22-year-old "with broad shoulders and a face written with grit, guts and determination all over." In third place was another Aussie, Alison Munt, on 141, closely pursued by a bevy of what a caption writer had earlier labelled "feminine pulchritude."

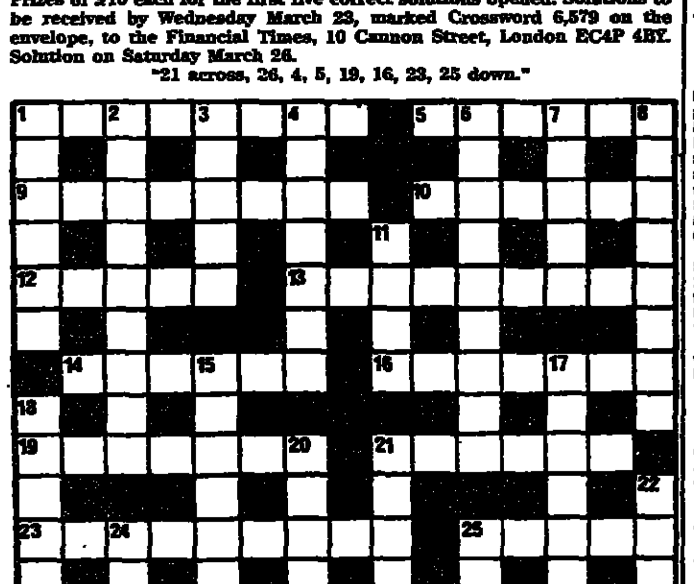
"Yes," summarised the *Post*, "the tournament *is well poised* for a thrilling finish and should provide an excellent tribute to a *well organised meet.*" *Unfortunately*, I couldn't hang around for the finish. I had to wing back to *London. But I will bring you the* result of this palpitating event the next time we update you on sport in the *Kingdom.*

FT CROSSWORD No.6,579

SET BY CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday March 23, marked Crossword 6,579 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday March 26.

"21 across, 26, 4, 5, 19, 16, 23, 25 down."



ACROSS

1 Put name to letters to show the way (8)
5 26's rhyme with cutter? (6)
9 The Christmas spirit is one with wise leavings (8)
10 Wickets left by axes (6)
12 Thatcher's stuff about journalists (5)
13 Writer takes one to forest (9)
14 Food supplier sounds more excessive (6)
16 River or island, not .....(4,3)
19 .....river and mountain in China, possibly (4,3)
21 Fiddle about to inter fluid (6)
23 Drink supplier eats food with prayer (6,3)
25 Smack for discrimination? (5)
26 5's rhyme with cutter? (6)
27 *One with some binding* isn't bound outside with wire (8)
28 Feed stored by Farmer Giles, a revolutionary (6)
29 Feed up Mr Turner with scent (8)

DOWN

1 American upset by Cooper is sweet (6)
2 Brief record of George's meeting with Richard, consisting of *lines* etc. (9)
3 English writer from Wales (5)
4 Serving man? Stick around one (7)
6 When a female bird has nothing on? (9)
7 Intermediate position from which to climb over (5)
8 Dweller – if in the White House, headless (8)
11 Axe *church* work (4)
15 Buck up: get tooth outside dinner now being served? (4,5)
17 Ol' m-master damaged by whirlpool (9)
18 Attempts, without qualification, appreciative remarks (8)
20 Handle not applicable to setter (4)
21 Annuity scheme turned into net (7)
22 Explosive in a ball – top (6)
24 Question cook? (5)
25 *Fit he may be at a pinch* (5)

Solution to Puzzle No.6,578

	S	T	A	R	V	E		S	T	R	A	Y	S	
	U		P		E				R		N		E	
R	A	P	P	O	R	T		C	O	L	O	G	N	E
	V		R		S		T		U		T		S	
M	E	D	I	C	A	M	E	N	T		H	E	A	T
			S		T		M				E		T	
	E	L	E	M	I		P	O	R	T	R	A	I	T
	C				L		T		E				O	
D	O	M	I	N	E	E	R		J	A	P	A	N	
	N		L				E		O		E			
F	O	A	L		M	I	S	S	I	O	N	A	R	Y
	M		N		E		S		N		S		E	
D	I	V	E	R	T	S		A	D	M	I	R	A	L
	S		S		A				E		V		C	
	T	U	S	S	L	E		A	R	R	E	S	T	

Solution and winners of Puzzle No.6,567

F	U	R	L	O	U	G	H		S	P	R	A	W	L
E		E		W		U				R		P		I
T	R	A	I	N	I	N	G		R	E	L	I	E	F
T		L		E		B		E		P		N		E
L	A	I	R	D		O	N	S	L	A	U	G	H	T
E		S				A		A		R				I
	S	T	R	E	E	T		U	N	I	F	O	R	M
R		I		X						N		P		E
E	N	C	L	O	S	E		A	N	G	L	E	R	
S				N		X		I				R		E
P	O	S	T	E	R	I	O	R		R	E	A	L	M
O		P		R		T		M		A		T		I
N	O	R	M	A	L		G	A	M	B	L	I	N	G
S		E		T				I		B		O		R
E	L	E	V	E	N		A	L	L	I	A	N	C	E

Mr P.B. Davis, Rotherham, South Yorkshire; Miss K. Farrer, Parkstone, Poole, Dorset; Mr A.R. Neale, Manama, Bahrain; Mr D. Norwood, Dilwyn, Hereford; Miss K. Williams, London N5.

TELEVISION AND RADIO

SATURDAY

SUNDAY

Three Scottish boys, Sam Hickman, Craig Smith and Dale Martin in Shadow on the Earth BBC2, Sunday, 10pm

هكذا من الأصل